S. Hrg. 99-662

IMPACT OF DEBT CEILING LEGISLATION ON AVIATION FUNDING AND SAFETY

HEARING

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON COMMERCE, SCIENCE
AND TRANSPORTATION
UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

IMPACT OF DEBT CEILING LEGISLATION ON AVIATION FUNDING AND SAFETY

FEBRUARY 3, 1986

Printed for the use of the
Committee on Commerce, Science, and Transportation

U.S. GOVERNMENT PRINTING OFFICE
60-547 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S261-37

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DEBT CEILING LEGISLATION ON AVIATION FUNDING AND SAFETY

MONDAY, FEBRUARY 3, 1986

U.S. Senate
Committee on Commerce, Science, and Transportation
Subcommittee on Aviation
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., Hon. Nancy Landon Kassebaum [chairman of the subcommittee] presiding.

Staff members assigned to this hearing: Stephen Johnson, staff counsel and Steve Palmer, minority professional staff member.

OPENING STATEMENT BY SENATOR KASSEBAUM

Senator Kassebaum. The hearing will please come to order. It is a pleasure to call this hearing to order this morning. It is a very important hearing, one in which we will be attempting to analyze our current budget guidelines and their effect on aviation and aviation safety.

I think at this particular time it is crucial for us to share our concerns and our thoughts. Budget cuts will have a significant impact, and they are coming at a time that we are trying to adjust to many other changes in our aviation programs. This certainly is not an effort to criticize what is being done, but just to understand some of the directions in which we are moving.

I think there will not only be an analysis, I am sure, Admiral Engen, that you will give us on the impact of the sequestering which will take place March 1 and the 4.3 percent reductions, but of your predictions for the 1987 budget.

One of the concerns that I have had, of course, is the use of the aviation trust fund. This has always been a source of grave concern to those of us who have watched the fund, and substantial reserves develop. By the end of this fiscal year there will be approximately an $8.4 billion balance in the Trust Fund and an uncommitteed surplus of $4.5 billion.

It is completely funded by user fees, including the passenger ticket taxes, fuel taxes, and aviation tire taxes. The purpose of this fund—and it is one which we argued when we increased the taxes—is to support a major modernization of the air traffic control system and to expand airport capacity, both very important goals for us today.

It funds the research, development, and procurement of the NASP and grants in aid to airports. The full authorization and appropration of the trust fund supported programs is I think essential to safely accommodate the increasing growth in travel and to update what is essentially 1950's technology to meet the demands of the eighties and nineties.

With an uncommitted surplus of $4.5 billion by the year's end, I question how we are going to justify to the users who contribute to this fund that it is going to be held hostage to the budget reductions that we are going to have to meet.

I think this is a very important question for us, Mr. Chairman, and I will value your thoughts on the particular implementation of these trust fund moneys in order to meet the budget guidelines.

Senator Hollings has a statement for the record.

[The statement follows:]

Opening Statement by Senator Hollings

Madam Chairman, it has been just 6 weeks since the Congress approved the Gramm-Rudman-Hollings deficit reduction amendment. At that time, with 60 of my colleagues, we took the necessary step to begin the glide-path approach toward balancing the Federal budget.

Acceptance and widespread realization of the importance of this task has not been quick or easy. Deficit reduction has been an issue of debate for a long time—only to be pushed into the limelight by President Reagan's attempts to cut taxes and increase defense spending. It has been during the past five years, as our national debt doubled—from $1 trillion to $2 trillion—that the debate has intensified.

Finally, last December, the Congress and the President agreed that something had to be done—if for no other reason than to save our nation from financial ruin.

Today, my friend, Senator Kassebaum has called this hearing to examine what effects Gramm-Rudman-Hollings will have on aviation programs. I think that is good. And more importantly, it is absolutely necessary.

It is our job in the Congress to set priorities in government. Never has that been more critical than today, with our need to maintain necessary programs and still achieve our goal of balancing the budget. And aviation safety is near the top of any list of functions which are vital and must be preserved.

At today's hearing, we will likely hear that Gramm-Rudman-Hollings will mean the gutting of aviation safety and the slowdown or elimination of airline service throughout the country. We should not be deluded into this line of thinking, however. We have seen a great many problems in the aviation industry in recent years—slowdowns that resulted from the firing of 11,000 air traffic controllers; insufficient numbers of Federal safety inspectors; delays in the implementation of the National Airspace System Plan. We can go on and on.

We should not and cannot blame everything on our efforts to reign in our Federal deficits.

Rather, we must take the bull by the horns and maintain those programs vital to our Nation, while at the same time finding the means of reducing, transferring, or eliminating those other functions not deemed critical to the welfare of the people we represent.

Let's not begin blaming Gramm-Rudman-Hollings, which will reduce the burgeoning Federal deficits, on all of our ills. Rather, let's take the initiative now to restructure and prioritize existing Federal programs to fulfill our essential needs.

Senator KASSEBAUM. It is a pleasure to welcome Adm. Don Engen, Chairman of the Federal Aviation Administration. Admiral Engen.

STATEMENT OF HON. DONALD D. ENGEN, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION; ACCOMPANIED BY ANTHONY BRODERICK, ASSOCIATE ADMINISTRATOR FOR AVIATION STANDARDS; AND WALTER LUFFSEY, ASSOCIATE ADMINISTRATOR FOR AIR TRAFFIC

Mr. ENGEN. Thank you, Madam Chairman. Thank you very much. It is indeed a pleasure to be here.

I do welcome the opportunity to appear before the subcommittee today to discuss with you the potential impact of the 1985 Balanced Budget and Emergency Deficit Control Act on the Federal Aviation Administration. The future of aviation in this country, and in particular the safety of our aviation system, is vital to the economic wellbeing of this nation.

In many respects, however, I believe we have come to take this system for granted, without a conscious recognition either of the benefits it confers upon us or that it takes a continued high level of dedication, effort, and commitment of resources to keep that system operating safely and efficiently. Perhaps the greatest tribute to how well the system works is that it has become such a part of our way of life that each one of us takes it for granted.

It is no longer a miracle that a business person can make a business appointment for thousands of miles away for the next day and still make that commitment. We can not forget, however, that commerce simply could not function as we know it today without a healthy air transportation system, or that our air transportation system makes possible a variety of activities, such as emergency transportation of critical medical supplies, air cargo, and even cancelled checks.

Safe and efficient air transportation is no longer a luxury, as it once was. It is a necessity. It is also important to note that, apart from the kinds of tangible benefits already mentioned, our economy as a whole benefits substantially and directly through a large positive balance of trade each year from aviation goods, and that is made possible by the world preeminence of the United States in aviation safety and our technology.

It should surprise no one for me to say that I am a strong advocate for aviation. It is my job to improve the safety and efficiency of our air transportation system and to promote the development of aviation in this country. And I do that with all the energy and talent that I have.

The record shows clearly as well that the President and Secretary Dole are strong supporters of aviation. In fact, during the presidential campaign of 1980, the President made clear that he firmly supported an effort to modernize our nation's air traffic control system to increase the safety levels and to meet the increased demands of the future.

The administration has continued to recognize that need, and Secretary Dole has not only worked to secure continued funding for our modernization efforts, but has also been instrumental in recent efforts to bolster staffing in several key areas within the FAA. This year, we are increasing the number of air traffic controllers and inspectors, and we are planning to bring on further controllers and inspectors in 1987.

I believe it should be noted that the administration supports the goals of the Balanced Budget and Emergency Deficit Control Act, and the Secretary is determined that the Department will be responsive to its provisions in a way that does not jeopardize the safety of the traveling air public.

Currently, we are faced with a 4.3 percent reduction in our fiscal year 1986 budget authority and obligation limitations. While this may sound like a modest reduction, its effect is significant on my agency. We are at this time examining options for meeting or offsetting that reduction, including the possibility of furloughing agency employees if needed to meet the reduced funding levels in operations.

In this respect, it is important to note that the fiscal year 1986 appropriation for the FAA as enacted by the Congress was scaled back from the President's budget request. Our operations appropriation was $55 million less than the $2.749 billion requested. Therefore, the funding available to us before applying the reduction required by the Deficit Control Act was already below the levels that we had hoped to achieve.

Consistent with administration policy, our top priorities in accommodating to the required 4.3 percent cut are to minimize any adverse impacts on safety and system personnel, and we are working now to finalize the choices which will be necessary to meet those priorities. This is not an easy task, I assure you.

For one thing, about 75 percent of our operations appropriation goes for the payment of personnel costs. Most of the remainder is made up of fixed costs, such as rents, utilities, and operational communications. Thus, it would be virtually impossible to accommodate the reduction required in our operations budget without making some adjustments among the DOT appropriations or implementing furloughs for our agency employees.

Also, because of the way any large organization must work, it is difficult to pinpoint selected functions as being discrete safety functions and assume that we can provide the same product as before simply by continuing the resource commitments for these programs at about the same level, if we cannot provide adequate support staff.

Just like an army that must have support to win in the field, the FAA must have its support as well. We are concerned lest our support staffs fall to a level that would adversely affect our ability to perform our overall safety mission.

For example, it does little good for an aviation safety inspector to observe a regulatory violation by an air carrier if appropriate enforcement action cannot be taken against that violator. To do that requires that the violation be documented and formalized in an enforcement report which contains the evidence necessary to sustain that enforcement action.

This then takes supporting staff to perform such functions as typing, reproducing, and filing documents, arranging for travel, and all the other things that must go along with that. Even then, the development of such an enforcement report will not promote safety compliance by the alleged violator unless it is provided to an agency attorney who is responsible for taking the enforcement action and defending the propriety of the action if challenged.

In short, the entire system must be in place to successfully accomplish our objective of promoting safety.

There are other parallels in air traffic control. We rely on a variety of employees in different disciplines working together to develop and implement new procedures and equipment needed for the front line air traffic controller in order to control air traffic safely.

What these points illustrate is that it is necessary to assure that adequate resources exist to do the entire job, not just parts of it. That is the only way we can provide adequate margins of safety to the traveling public. The safety of aviation has evolved to high levels as a direct result of using the systems approach that I just spoke of.

We are concerned not only with the current levels of air traffic, but also with the potential for future growth. Consistent with historical patterns, aviation has tracked with economic growth and has flourished in an economically deregulated environment. Deregulation, as earlier recognized by everyone, has indeed brought challenges to the FAA. On the whole, we have successfully managed those challenges, though not always as quickly or as fully as I would like. The level of demand for aviation services resulting from deregulation and an improved economic climate is at or near our capacity in a number of important areas. This has been a concern of Secretary Dole, who has supported higher staffing authorizations for safety inspectors, controllers, and for air marshals.

In that regard, to respond to the question in your letter of invitation concerning the impact of a 15 to 20 percent reduction of the FAA's budget for fiscal year 1986, I can visualize no reasonable way in which the FAA could absorb that kind of a reduction overall without serious deterioration of the current levels of safety services that we provide.

In fact, while the administration is submitting a budget responsive to the Balanced Budget and Emergency Deficit Control Act, no such cuts are contemplated for the FAA. I am pleased to note that there will be an increase in FAA operations funding under the President's fiscal year 1987 budget to be released on February 5.

In short, Madam Chairman, FAA operations resources are currently at levels close to the margin this year. There is virtually no flexibility left for us to deal with additional reductions in program levels without significant impact. Certainly, we would do everything in our power to meet the safety needs of the system to the best of our ability, but reductions significantly below these levels would have a major impact on the operation of the FAA and significant changes would have to be made to accommodate any such reductions.

Constraints would need to be placed on system growth and on travel in the air space. FAA would have to limit the areas in which we focused our resources, and significant decisions would have to be reached as to what programs would need to be dropped or substantially scaled back.

Rather than focus on what can go wrong, Madam Chairman, I really believe we should take the initiative to do what is needed to keep things on the right track. As I mentioned a few minutes ago, aviation is an integral part of the fabric of our society. Furthermore, it is a sector of our economy that is changing and growing very rapidly. It promotes commerce both domestically and internationally, and it enriches and improves virtually every aspect of our lives. Because of the unique nature of air transportation, the regulation and enforcement of aviation safety, along with the development and operation of an air traffic control system, have long been recognized as necessary Federal functions.

Even though it is today the finest system in the world, the U.S. air transportation system continues to require a strong Federal role to be performed by the FAA. These safety oriented regulatory and oversight functions simply cannot be divided up among the states or local governments to administer if we are to preserve a national air transportation system, nor can these functions be ignored without a tremendous and, in my view, unacceptable cost in safety and efficiency to the American public.

The solution, then, to continuing these important FAA functions at the appropriate levels is for the Congress to support the President's budget, which will provide for the FAA resources necessary to preserve the safety and the efficiency of our air transportation system. Aviation is a national resource which rightfully is subject to a strong Federal role, and we must work collectively to see that the FAA's ability to perform that needed function is not compromised or degraded.

Madam Chairman, that completes my prepared statement. I have with me, on my right, Mr. Anthony Broderick, Associate Administrator for Aviation Standards, and on my left Mr. Walter Luffsey, Associate Administrator for Air Traffic. We would be pleased to entertain any questions that you might have.

Senator KASSEBAUM. Thank you very much.

I would like to start with the 1986 budget, since that is immediate for you in your planning. You mentioned the operations account, of which you will have to make I believe a $115.9 million reduction, and you mention some furloughs. Yet at the same time the Secretary of Transportation and others have said there needs to be an increase in maintenance and controller personnel.

Just how do you contemplate reconciling furloughs with the future growth that you are anticipating?

Mr. ENGEN. Madam Chairman, I would say first of all that the proposed cut is roughly some $170 million in my operations account. Starting in October of this year, I knew that we were going to have a hard budget year, and so we initially went out and constrained our travel, some of our training, and began making economic moves, anticipating that there would be further actions.

Then, just 2 weeks after the Gramm-Rudman-Hollings Act was enacted, I sent a wire to all my FAA employees enjoining them to take further economy measures, such things as freezing hiring except for air traffic control, inspectors, and aircraft security.

I have reduced the travel. I have reduced the procurement of equipment and supplies. We are reducing our amount of overtime. I am looking very critically at contractual arrangements for contracts outside the FAA. So those economies are being taken.

I had to look at furloughs as an option, because clearly the operations account is people-driven. 75 percent of the account is taken up in pay for people in the FAA. And I have discussed this with the Secretary and she has assured me that furloughs for people in those critical categories are the last thing on her list of things to do, and that she is working with me to see what can be done to not furlough those employees.

Senator KASSEBAUM. Are you anticipating consolidating some of the FAA regions?

Mr. ENGEN. At this time I am not, but I also started last year looking at the FAA of the future. I looked at our National Airspace System Plan (NASP), I looked at where we were to be in the early nineties, and I saw that there is a need to examine the organization of the FAA.

And I have in being at this very time a committee from within the FAA looking at our structure in the mid-1990's. That committee has not reported to me, nor have I had a chance to discuss this with the Secretary. But clearly we are going to have to look at our organization as well. I would make no commitment one way or the other, but we are examining it at this time.

Senator KASSEBAUM. I assume, then, you would probably give the same answer for the flight service stations. Under the 1986 reductions that you are going to have to contemplate, are you thinking of closing and consolidating some of those more rapidly than has been anticipated, or selling them to the private sector?

Mr. ENGEN. No, ma'am, we are not considering closing them more rapidly. We have become hung on our own petard in the sense that moving flight service stations means moving people, and moving people means money. Keeping the flight service stations open, on the other hand, means added costs, and I would hope to come to Congress, as I have been instructed to do, with a continuing plan to consolidate those flight service stations that we had planned to consolidate in fiscal year 1986, and continue on with that consolidation.

Senator KASSEBAUM. With those consolidations that you say were already planned in 1986?

Mr. ENGEN. Yes, ma'am, already planned. Clearly, we are in a transitional stage. The Gramm-Rudman-Hollings Act has placed a burden on the FAA and we are at this very time looking again at all of our plans for fiscal year 1986.

Senator KASSEBAUM. I think you shared some concern when you took over as Administrator that there be a thoughtful approach to the changes that were occurring. In particular, that we not close or consolidate flight service stations until we had equipment or alternative systems to put in place.

Yet it seems to me, as you say, that we are almost in a catch-22 as far as being able to advance with the equipment. At the same time, perhaps you are going to have to look to escalating the consolidations.

Mr. ENGEN. I also promised equal to or better service to the flying public out there, and we stand by that. That is our goal in the FAA, to provide equal to or better service to those people who use the flight service stations out there.

Senator KASSEBAUM. I would like to move on to the air space modernization program. This will be affected by cuts from the facilities and equipment and research and development accounts. It seems to me that a delay in the implementation of the NAS plan past the early 1990's and past the target dates that have been set is a certainty.

Would you not believe this to be so?

Mr. ENGEN. Yes, ma'am. You cannot do more with less. And as the number of dollars that are apportioned to modernization of the NASP are reduced, we have to make some accommodations.

I would say up front that I am totally dedicated, as is the entire agency, to making the NASP into a reality. Now, when you are faced with reductions you have to look and see what you can do. And of course, there are key elements of that plan that must go forward—the host computer, advanced automated software—the things necessary to improve our system for the mid-1990's, because we know that traffic is compounding at about 3 percent per year, are going forward and we plan no cuts there.

However, there are other areas where I have to look critically and the only option—I don't plan to cancel—the only option is to stretch out perhaps to some degree and accept a later accomplishment of certain parts of that plan.

Senator KASSEBAUM. In our hearing earlier in the fall on aviation safety, we focused on three areas. One was weather-related and the others were controller and maintenance programs. Regarding weather, how do you analyze your budget at this point regarding the recommendations made at that hearing. In particular, how are the improved detection systems, NEXRAD, Doppler radar, both very costly, and the LLWAS, the Low Level Wind Alert System going to be affected?

Mr. ENGEN. We are going to have to safeguard those areas which are the cornerstone of our program. And I already spoke of the host computer and advanced automated software.

The weather radar, the NEXRAD specifically, will have to be scaled down a little. I do not anticipate scaling down the Doppler weather radar approach that we are taking, because that is a very critical element, and we are continuing with Doppler weather radar development.

But you know, I would be less than candid if I didn't say that, when you lose some $8 million from a research, engineering and development account where you only have about $190 million, it does have an impact. And there will be impacts in other areas of our E&D. But I plan to keep the weather radar development coming along.

Senator KASSEBAUM. Does the FAA at this point have an integrated wind shear plan, so that you will know where you are moving in that direction?

Mr. ENGEN. We do indeed. And of course, in discussing wind shear you have to approach it from all levels. And I might add, this year we let a contract with the Boeing Company as the prime contractor and with McDonnell-Douglas, Lockheed, United Airlines, and a subcontractor as subs, to look at wind shear training.

So we are working with the training. There has been developed on-borad sensors, which are good sensors, by different corporations out there. We are bringing that along. We have research and engineering money in the budget, and it will remain there, to look at further development of on-board sensors.

And then, we must continue our LLWAS. That is a program that is in being. We are going to additional LLWAS stations out there. The money is in the budget already and we must do that.

We must bring along Doppler weather radar as well. And as you know, this last year we ran our Doppler weather radar in the Memphis area. We are going to do it in Alabama this next year.

The point I would like to make, Madam Chairman, is that wind shear is an all-source program, and we are continuing to attack it from in the cockpit, on the ground, and to try to get our arms around it. It is a total picture.

Senator KASSEBAUM. Did I understand you to say in the 1987 budget that will be sent up this week that there will be an increase for aviation?

Mr. ENGEN. There would be an increase. I am advised, although I do not have it right now, I am advised that the Operations account would be an increase over that which we would have in 1986.

Senator KASSEBAUM. Will there be reductions in the F&E account?

Mr. ENGEN. I can not answer that, because I truly do not have it, Madam Chairman.

Senator KASSEBAUM. Well, I guess that——

Mr. ENGEN. I think it is safe to assume that there will be, but I would like to say, if I could, that the Administration is dedicated to aviation transportation, and I sense on the part of Secretary Dole strong support for continuing those programs which are so critical to safety in air traffic.

Senator KASSEBAUM. I understand that. We all do. But in the reality of where we are, it has been stated by no less than the director of the Office of Management and Budget, Mr. Miller, that there could possibly be up to 20 percent cuts coming from non-defense areas in order to meet the $144 billion deficit figure for 1987.

Mr. ENGEN. I cannot comment for Secretary Dole because she is not here. But she and I have discussed this and I have her strongest support. She, if required, will make accommodations where necessary from within her resources to meet the goals for aviation safety, and if we cannot make those accommodations we would come to the Congress for relief.

Senator KASSEBAUM. Well, I hope that, because there is money sitting in the trust fund, that this will not be viewed as a good place to look for money for other than the programs it was intended to fund. I find it very distressing to think others eye these funds as potential sources of funding for other programs I would suggest to you, that is a very poor way for us to manage a public trust designated for specific programs and paid for by the aviation users.

I know that those of us who are concerned will certainly be guardians of that fund. There are many of us who believe that the tax should be reduced if the funds are not going to be spent for what was clearly laid out in the Airport and Airway Development legislation. I am sure you would feel the same way, Admiral Engen, because it does affect the strength of the program as a whole.

It is a pleasure to welcome Senator Exon. Do you have an opening statement or any comments?

Senator EXON. No. I just have some questions.

Thank you very much for being here this morning. Given the disastrous situation with regard to airline safety last year that we are all very concerned about, I think the subject of the hearing this morning is critical, that being what Gramm-Rudman is going to do to airline traffic safety. It seems to me that you are testifying, or it has come out of the Department of Transportation, that you are going to continue to add more and more air traffic controllers.

Yet, on the other hand, to meet the 1986 Gramm-Rudman dictates, in your testimony you say that you see the possibility of some furloughs. What are you talking about? Enhancing the total number of air traffic controllers and making cuts in other places in the FAA, is that what you are saying?

Mr. ENGEN. Senator, we have drawn lines around air traffic control hiring, and Secretary Dole is dedicated to meeting her goal of allowing us to go to about 14,480. We have drawn lines around our inspector force and will increase that inspector force. We have drawn lines around the Federal air marshal program, where aviation security is involved.

We will continue to meet those staffing goals. We will take our cuts in other areas, yes, sir.

Senator EXON. For example what, administration?

Mr. ENGEN. Like for example I am going to reduce our currency and evaluation training by 25 percent. I am going to hold our transfers to a minimum, because moving people costs a lot of money. I am examining an early out policy which could bring some $31 million worth of savings.

Senator EXON. Early out of what?

Mr. ENGEN. It is an early retirement for people in the FAA.

And I said in my statement, Senator Exon, that this also allows some highly trained people to retire from the FAA. But it does create a savings in dollars.

Senator EXON. But if you put highly trained people out early, is that going to have an adverse effect on safety?

Mr. ENGEN. We would try to look at areas, Senator Exon, where we are not affecting safety. I have said that we are drawing the lines around the air traffic and the inspector force and the security force. But if I granted an early out program across the board, it would indeed affect those.

Senator EXON. How much of an increase do you expect in your inspection force? When I say "inspection force," I am talking about those who check on the number of violations of rules and regulations by the airlines as far as maintenance and safety operations are concerned.

Mr. ENGEN. I am going to ask Tony Broderick, if he would, please, to respond to that.

Mr. BRODERICK. Senator, the continuing resolution provided for an increase of 200 inspectors and 100 support personnel, and we intend to meet that requirement.

Senator EXON. And that, once again, that is an area that you fenced off with regard to the Gramm-Rudman cuts, is that correct?

Mr. BRODERICK. Yes, sir.

Senator EXON. Let me ask a brief question on what I understand we are going into later in the week with regard to the slotting of the major, most popular airports. This Senator is very much opposed to the Secretary's announcement that she thinks that those should be just turned over to the major airlines for their sale and profit. I see no business rationale to that at all, especially in a time when we are in dire straits with regard to funds.

Would it not be a good idea in your opinion if those sale of slots, if they are made—I am not sure that is the best way to do it—but if we are going to sell those slots, why doesn't the Federal Government make the sale and take the immediate profits that would accrue therefrom?

Rather than having the windfall go to the major airlines, it would go to improve safety—into the necessary safety requirements that I believe you support.

Mr. ENGEN. Well, Senator, I did not come prepared to discuss buy-sell or the selling of slots, and I would defer you, sir, to that hearing, which is going to come in about 2 or 3 days. I think that the plan is not to have at this time, to have money change hands initially, whereas it would be that they would become economic entities and could be traded later on.

But I would defer you, sir, to that hearing. I just am not prepared to discuss it at this time.

I would like to make one point because I think it is very important and I may have failed to do it. But if the FAA were to be forced to take a 4.3 percent cut through every program or plan or account, we just could not do that without affecting what we are trying to do. We could not do that without drawing down on the numbers of air traffic controllers.

And so what we are endeavoring to do is to come up with the flexibility to meet that goal, because the Administration indeed does support the goals of the Gramm-Rudman-Hollings Act, but to meet that goal, we would want to do it by taking our cuts in other areas.

Senator EXON. Let us look into the future just a little bit. What we have been talking about so far, as I understand it, is a 4.3 percent cut that will be required for this fiscal year; is that correct?

Mr. ENGEN. Yes, sir.

Senator EXON. How large of a cut do you anticipate that your department will receive from the budget that is to be announced the day after tomorrow by the President with regard to the next fiscal year, beginning October 1 this year?

Mr. ENGEN. I can only speak with regard to one account, Senator, because I was advised by the Office of Management and Budget that the operations account for fiscal year 1987 would be greater than that which was allowed for fiscal year 1986. And I do not have the remainder of the budget figures at this time.

Senator EXON. Are you telling me, then, that the President will propose in the budget on Wednesday that, while your department would assume a 4.3 percent cut this fiscal year, it is going to receive more money next fiscal year?

Mr. ENGEN. No, sir, I did not say that. I could not speak for the President, to begin with. And secondly, the administration's budget will support the Gramm-Rudman goals——

Senator EXON. You have said that twice, Mr. Engen, and as a representative of the administration I think it is clear that you are for Gramm-Rudman. I am not, but that is not the point of this meeting.

My question to you is, what are you going to do and what further cuts are you going to make after you make the cuts that are required for 1986? G-R is going to continue, as near as I can tell, into 1987 at a higher percentage. And I am wondering what plans you have, what contingency plans do you have, to make cuts then? Or are you going to continue to protect the air traffic controllers and the inspectors and the air marshals and all these things that we agree are good?

It looks to me like what you are saying is that you are going to be able to make cuts now without impairing safety. Are you telling me that you are going to be able to make the further cuts in fiscal 1987 without affecting safety also?

Mr. ENGEN. I am telling you, sir, that Secretary Dole has stated to me that she is dedicated to maintaining the levels of expenditures in the FAA to maintain safety in the system, and that she will indeed make those allowances that it is within her power within the DOT to sustain aviation funding.

I cannot speak outside of the FAA. If you were to ask me what would happen if I took a 20 percent cut across the board in FAA, it would drastically change the character of the agency and it would drastically affect air commerce.

Senator EXON. I am delighted that we have that clarification. I think the message should be sent very loud and very clear throughout America that Gramm-Rudman is one of these measures that the flag is waved high on, but it will devastate many programs, especially air safety, after the disastrous situation that we had last year.

And I suggest to you that if we go ahead with this, if we allow this to happen, with administration backing or without it, we are going to pay the price somewhere down the line. And the American people are entitled to have those facts at hand, it seems to me.

What you are telling me, then, is I guess that you might be able to make the cuts this year, fiscal year 1986, the 4.3, without any devastating effects on air traffic safety, but you have great concerns about the next fiscal year, 1987. Is that a fair reflection of your statement?

Mr. ENGEN. Almost, Senator. 1986 is correct, and in 1987 I have grave reservations if we were to take an across the board cut. But I want to hasten to add that Secretary Dole has said to me that she will look elsewhere, if required, to maintain aviation safety.

Senator EXON. Looking elsewhere? You mean in the Agriculture Department or in her Department?

Mr. ENGEN. In her Department. I cannot speak for the Secretary other than her Department, sir.

Senator EXON. And you believe that is possible?

Mr. ENGEN. I believe it is possible, yes, sir.

Senator EXON. No further questions in this round.

Senator KASSEBAUM. Senator Ford?

Senator FORD. Thank you, Madam Chairman.

I was interested in what Senator Exon was doing and probably would just as soon let him ask questions, because he was beginning to touch on some things.

Mr. Engen, First let me say that you and I have always gotten along very well. You have cooperated with me and I have no problems with you personally and what you are trying to do at the Department.

But the questions today I think are beginning to bring out that you are going to be placed in an untenable position as it relates to what you want to do and to have the necessary funds to be able to do it. And you talk about drawing circles around several items, and you say:

> There are other parallels in air traffic control, which relies on a variety of employees in different disciplines working together to develop and implement new techniques, procedures, and equipment needed for the front line air traffic controller to control air traffic safety.

Now, if I listened to what you were saying to Senator Exon, you are going to be taking from that group in order to keep the others. I never could get what you looked at as being able to reduce in order to keep that front line as we look at it, safety, air safety, marshals, et cetera.

Mr. ENGEN. As I said, Senator Ford, I have a $170 million figure that I am dealing with. I have set about in a variety of ways to do that, one of which is a possible furlough, for which I am apprised there may be some relief.

An additional measure is not moving people around; there are administrative costs, and reducing the amount of currency and evaluation training of our pilots within the agency. There are other things that I would take in the way of economies, but I can't afford to deny the air traffic controller that support that he or she needs, to continue to be paid, and they need to continue to be trained. And that is dedicated, sir. I am going to do that.

Senator FORD. Well, you still are not saying—I guess maybe you just do not want to say—where you are going to make your savings.

Mr. ENGEN. I can say, as I went out to my entire agency, I put a freeze on hiring in other areas than controllers, inspectors, and Federal air marshals. I have reduced travel throughout the agency to the maximum extent I can. We are cutting back on the procurement of equipment and supplies, administrative things, and some things that are not so administrative, such as supply stores.

And eventually, you know, you can not cut back stores too much, because eventually you pay the piper. But we can cut back some for this year.

I am cutting back on——

Senator FORD. For this year?

Mr. ENGEN. For this year, yes.

And I am talking about cutting back on paid overtime and looking at contractual studies outside the agency and cutting back on those things. And I am also looking at maintenance projects with a view towards delaying those maintenance projects.

Senator FORD. What is a maintenance project?

Mr. ENGEN. At the Aeronautical Center in Oklahoma City, we have a number of projects there that can be delayed, buildings, improvements. We will continue to live with what we have today.

There are economies that would be harder to take, but would not affect the operations of the agency.

Senator FORD. Senator Exon referred to the slots which Secretary Dole indicates she is just going to give to the airlines and let them sell those slots. I am not sure about the ownership of those slots, whether they belong to the agency that allows them, or being turned over to the airlines.

It is peculiar to me that we sell certain things and give other things away. We are selling Conrail. We are giving away, basically for peanuts, National and Dulles if everything comes into being. And then we give away other items that we could have some income from.

Is it fair to ask you whether you had any input into advising the Secretary as it relates to Dulles and National and the slots?

Mr. ENGEN. I have indeed, Senator Ford. I have worked with the Secretary with respect to the setting up of Dulles and Washington National as a separate airport authority. We have held Dulles itself hostage for a long time. It has been a hostage of both administrations past and the Congress, and Washington National the same way.

I think the time has come to let those airports float free. I think we could achieve the midfield terminal, I think we could achieve a better road system around Washington National, I think we could achieve better operations, if we do allow those airports to be in the private sector.

Senator FORD. Well, did you have any input as to the value compared to what they are apparently going for, based on what the Grace Commission placed a value on?

Mr. ENGEN. I do not recall having any personal discussions, but my staff have been interfacing with the Department's staff in that regard, and we have set a value that I think is fair and equitable, would allow the transfer to occur and allow the airports to begin to grow.

That is really our concern, to be sure that they continue to provide to the people of America that service. And right now they are constrained.

Senator FORD. Both airports I think are very complementary of FAA, are they not?

Mr. ENGEN. Yes, sir.

Senator FORD. But you are working closely?

Mr. ENGEN. Oh, yes, on a daily basis. I am very proud of those airports, and I do not want you to think that we are just pushing them aside. It is an honest and sincere desire on the part of the Administration to achieve improvement for the air traveling public.

Senator FORD. Are you in favor of selling Bonneville and TVA and a few other items?

Mr. ENGEN. I can only speak for aviation, Senator.

Senator FORD. Well, you are beginning to develop a philosophy, and I thought maybe we might get some.

Thank you, Madam Chairman.

Senator KASSEBAUM. Admiral Engen has to be at the White House for a meeting. I think, Senator Exon, you had another question and I have a final comment I would like to make.

Senator EXON. Administrator Engen, I have the highest respect for your qualifications. I think from a qualifications standpoint you are one of the best people we have ever had in the DOT. I think you have done a good job under the circumstances.

My question to you is this. If, when the 1986 budget comes out and if in your opinion the cuts mandated in that budget will make it impossible for you as the Administrator of FAA to carry out your primary duties for safety, what would you do?

Would you continue to administer the program to the best you could, or would you resign in the interest of focusing public attention on this major problem?

Mr. ENGEN. Senator Exon, I think that is a hypothetical question.

Senator EXON. It sure is, but it could be a very real one.

Mr. ENGEN. I will continue to always speak up for aviation. That is my life, and that is why President Reagan appointed me to the FAA, and that is why Secretary Dole and I work together all the time.

I would hasten to add, again, that Secretary Dole and I are both interested in maintaining that level of safety in aviation. And I anticipate that the President's budget, if supported by the Congress, will have that support in there for the FAA.

Senator EXON. Do you believe that the President will recommend an adequate budget, even though there will be the potential for a 20 percent cut in 1987 for airline safety?

Mr. ENGEN. I am saying, Senator, that I do not believe, first of all, that a 20 percent cut in airline safety is a viable option, that there will be other accommodations made, that moneys will be made available.

Senator EXON. All right. I am going to ask you, I want to ask a question and I do not think you can state it now, unless you want to. Maybe it is for the record. There are price wars all over the industry, as you know of, and that is good, I guess, from the standpoint of saving money or——

Mr. ENGEN. I am sorry, sir?

Senator EXON. There are price wars all over the place with regard to the commercial airlines, and that is probably good for the traveling public. A $79 or $89 round trip to who knows where and back to what is a pretty good price. This was anticipated, I suggest, by deregulation.

My question is, do you believe as head of the FAA that these price wars were in any way responsible for the considerably less than satisfactory safety year for 1985 or, putting it another way, has a pattern of less than quality inspections and maintenance been evident in the months since deregulation?

Is there any connection whatsoever in your opinion with regard to the unsatisfactory, if not devastating, safety record for 1985 and deregulation, or was it coincidental?

Mr. ENGEN. In looking at the tragic accidents that occurred in fiscal year 1985, Senator Exon, I can find no thread there that would cover each one of those accidents and tie them together, other than perhaps one of complacency, complacency on the part of pilots, complacency on the part of controllers, complacency on the part of managers, maintenance people.

Our job is—and I do not want to treat that any further, but our job, of course, is to raise to the highest level of attention we can when something is wrong. And I view deregulation as having been a good thing. It has been good for this Nation. It has allowed us to fly cheaply to some places, and perhaps we have lost some flexibility in other places.

But for the average citizen of the United States, I believe economically it is good. It has really presented a challenge to the FAA, though. It truly has. And Mr. Broderick and his inspectors and Mr. Luffsey and his air traffic controllers are burdened by the increase in air commerce.

We had a 3 percent increase last year of traffic. We had a 17 percent decrease in delays. We had a 27 decrease in the numbers of operational errors out there. So we are dealing with those things. But we are looking.

I would assure you, sir, that last year, in fiscal year 1985, or in calendar year 1985, we put on the ground or severely constrained the operation of some 62 air carriers out there. That is a lot. That says that we are out there looking.

We adjudged fines on carriers far in excess of what we have done in previous years. That says that we are trying to get people's attention, to be sure that they maintain their aircraft safely, and in these price wars they do not let cost interfere with safety.

We are looking resolutely, and I am dedicated to making sure that we have everybody's attention, that we do not allow safety in the system to go downhill. It has not, sir.

Senator EXON. Let me ask this question. Do you think that the overall quality of the commercial fleet is as good today as it was five years ago?

Mr. ENGEN. Let me say—let me provide that for the record. I will give you an answer right off the top of my head, which is, yes, sir, I do. I believe that we have enhanced our safety, for instance. I believe that we have improved our maintenance procedures.

But I would like to tie that to something that could be used for the record.

Senator EXON. I would appreciate that very much, and I understand it is a difficult question to ask here. And with that, I thank you and yield back to you.

[The following information was subsequently received for the record:]

The overall quality of the commercial fleet is as good today as it was 5 years ago. Our system of airworthiness directives, which requires changes to the fleet and/or improved inspection based on service experience assures a constant level of airworthiness. In addition, as a result of many years of concern about aging transports, the FAA initiated in 1981 a Supplemental Structural Inspection Program for Large Transport Airplanes (reference FAA Advisory Circular 91-56) which provides guidance to the aviation community with regard to the methods by which to assure improved structural integrity for older transports. Under this program, all large transports are being reassessed using the most modern techniques of fracture mechanics, and taking into account the service experience of each type in order to develop a supplemental inspection document which aguments the existing maintenance program of an airplane type. These documents are under continuing review in order to assure that they reflect the most up-to-date technology and lessons learned from service expereince. This activity will assure that the public is not more at risk as the commercial fleet ages.

In such areas as crashworthiness, the safety of the fleet has been enhanced by the adoption of new rules which added smoke detectors and automatic fire extinguishers, fire-blocking layers for seats, and improved interior floor lighting. We are currently developing new requirements for interior materials, cargo compartment fire protective liners, and protective breathing equipment for crews.

Senator KASSEBAUM. I would just like to say, Admiral Engen, that I certainly salute the efforts of you and your staff at a difficult time, not only with the budget problems that we all face and responsibilities that we have towards that, but, as I mentioned at the beginning, the escalating needs of aviation and our air transportation system today.

It concerns me a bit that you are saying that the operations account will grow in the 1987 budget, because I can only believe that will be at the expense of something else, and I have a feeling that could well be the research and development, the facilities and equipment accounts, the grants in aid accounts, and the aviation trust fund.

This troubles me because the strength of our aviation system and the safety of that system lies in the development of all of its parts. If it is the case that you are taking from other programs to increase operations then we have violated the trust that was established regarding the aviation trust fund. President Reagan at his press conference in January, in commenting on the social security trust fund, made perhaps the best case for removing the trust fund from the budget when he said:

"Social security does not play a part in the deficit. It does not because social security is supported by its own tax, and that tax cannot be used for anything else. So it is playing games to pretend that social security"—or I could substitute the aviation trust fund—"is a part of the budget and can affect the deficit."

I hope, as we work together on the 1987 budget, that we can make sure that the trust fund is used as it is supposed to be used. Otherwise I think there will be many here who believe it should be removed from the budget.

Senator FORD. I might just say to the chairman, she is right on target. This present budget we are operating under, highway trust funds were attempted to be removed and shifted to other areas. That was caught, and if we had voted on it without saying anything about it then we would have approved transferring those funds from the trust fund into other agencies.

And I think that we ought to be alert to it. It was something that in the present budget we are operating under did occur and it was caught.

Senator KASSEBAUM. Thank you very much, Admiral Engen. I appreciate your testimony.

Mr. ENGEN. Thank you, Madam Chairman. We appreciate it very much.

Senator KASSEBAUM. It is a pleasure to welcome a large group of witnesses, who will be represented initially by Ed Stimpson, the president of the General Aviation Manufacturers Association. Perhaps you would like to introduce, Mr. Stimpson, the rest of those with you. I assume everybody will have a comment or two to make.

STATEMENT OF ED STIMPSON, PRESIDENT, GENERAL AVIATION MANUFACTURERS ASSOCIATION; ACCOMPANIED BY CHARLES BARCLAY, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES; ROGER FLEMING, AIR TRANSPORT ASSOCIATION; ALAN STEPHEN, REGIONAL AIRLINE ASSOCIATION; JOHN WINANT, NATIONAL BUSINESS AIRCRAFT ASSOCIATION; JOHN BAKER, AIRCRAFT OWNERS AND PILOTS ASSOCIATION; AND CLIFTON VON KANN, NATIONAL AERONAUTIC ASSOCIATION

Mr. STIMPSON. Thank you, Madam Chairman.

Our panel this morning really is representing 16 different aviation organizations, virtually every segment of the aviation community—pilots, airlines, manufacturers, airlines. Starting at the left-hand side, we have Mr. Charles Barclay, executive vice president of the Airport Executives; Mr. Roger Fleming, senior vice president, Air Transport Association; Mr. Alan Stephen, executive vice president of the Regional Airline Association; Mr. John Winant, president of the National Business Aircraft Association; Mr. John Baker, president, Aircraft Owners and Pilots Association; and Mr. Clifton Von Kann, president of the National Aeronautics Association.

And we have many more representatives of organizations that are also here in the room today.

First let me express our appreciation for the leadership shown by this committee or air safety issues. We certainly agree with the Administrator's determination that you just heard expressed that we maintain aviation safety. Aviation safety is something that certainly cannot be sacrificed.

The Administrator spoke a little bit about how vital air transportation is to the nation. This year approximately 500 million, a half a billion, Americans will fly in air transportation intercity in this country. About 400 million of those will be on the scheduled airlines, about 130 million in general aviation airplanes. So air transportion really has become the lifeblood of many industries, whether you are talking about banking or small package movement or the postal service.

Each night, for example, over a million small packages are now delivered throughout this country. So we are just not talking about air safety here today; we are talking about the flow of commerce in the United States and the world, and we are talking about the maintenance of our air transportation system.

As you know, users are paying for this system. The aviation trust fund has accumulated a surplus of about $3.3 billion. It is growing faster than ever before, and it is predicted by the end of '86 this surplus will be about $4.5 billion, the highest ever.

Yet this surplus will soon escalate to double digit levels if the real impact of Gramm-Rudman spreads throughout the 5-year period. Now, we strongly support and applaud the chairman's bill, S.1979, to free the aviation trust fund from the unified budget and other budget constraints so that billions of user fund money may be used for their intended purposes.

It is well recognized that we need more controllers, we need more inspectors, we need more airport capacity, we need more security personnel, to meet the growing needs.

Now, currently we find that the schedule for the far-reaching NAS plan is in jeopardy. Further slips are inevitable with funding cuts. Last year the Administrator testified that certain projects were being deferred, with higher priority projects going ahead, and we are very concerned that this short term expedient of deferring projects can only be done for so long before we see major, major slowdowns and delays in this far-reaching plan.

Now, as you know, programs are already below the authorized levels of the 1982 act. In fact, you might say we have sort of been taking our Gramm-Rudman-Hollings cut the last several years.

The facilities and equipment expenditures are below the authorized level of about $1.1 billion. That is about a 24 percent cut right there. The R&D levels are below authorizations by $100 million. That is another eleven percent. The airports are below the authorized levels by some $400 million, about 12 percent.

The operations and maintenance reductions in 1986 will obviously strain the agency's ability to bring the air traffic staffing up to needed levels. I must say, we were pleased to hear the Administrator's statement this morning that we can expect additional funding in that area.

But at the same time, we must be concerned about other important functions in the FAA, such as aircraft certification, inspectors, maintenance, and many other things that this large government agency does. So we urge that the Administrator be given the flexibility to manage this 4.3 percent across the board cut.

Equal applications of a 4.3 percent cut everywhere will certainly handcuff him in trying to do the job that he has to do. Now, the potential cuts in 1987, Senator Exon, referring to the questions you asked, we view these as absolutely disastrous, if we ever see something like a 20 percent cut.

This would be one billion out of a $5 billion budget, and the result would seriously jeopardize not only aviation safety but the operation of the whole system. Now, the effects of furloughs and layoffs with a 20 percent cut are hard to comprehend, but a cut of this magnitude, as I say, would really devastate the entire operation and safety.

Now, in conclusion, we as an industry pledge to work with you on S.1979 in finding a permanent solution. We are going to pay a lot of attention this year as we consider the authorization process, and we too, like you, want to maintain air safety in the flow of commerce in these United States.

So we thank you very much for the opportunity to appear today, and we would be pleased to respond to any questions that you might have, either on my part or the panelists here.

[The statement follows:]

JOINT STATEMENT OF AVIATION ORGANIZATIONS [1]

THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985: IMPACT ON AIRPORT AND AIRWAY PROGRAMS

Madam Chairman, we are pleased to appear before you today to address the adverse effects which can be expected from FAA budget cuts as a result of the provisions of the Balanced Budget and Emergency Deficit Control Act of 1985. Moreover, we appreciate your leadership in holding today's hearing to discuss these issues and support your efforts to ensure that the Aviation Trust Fund will be properly used for the purpose for which it was established—enhancement of the safety and capacity of our nation's airport and airway system.

You well recognize the inequity of the current combination of Trust Fund surplus, enormous system development and operating needs, shortfalls in FAA appropriations from authorized levels, and aviation user tax revenues which are held hostage to the general fund deficit problem.

As you noted when you introduced S. 1979, which would free the Aviation Trust Fund from budgetary constraints and the unified budget, billions of dollars of user-tax monies have accumulated in the Trust Fund, and are being used to shelter other spending from the general fund of the Treasury. The uncommitted Trust Fund surplus, now estimated at over $3.3 billion, is growing faster than ever before in its history. The gap between Trust Fund Revenues and Trust Fund appropriations for airport and airway programs has, in the past two years, widened at an unprecedented rate. And concerns about the federal deficit in the past two years have resulted in significant underfunding of important safety and capacity related system improvements, notwithstanding the fact that such expenditures are entirely supported by taxes paid exclusively by users of the aviation system.

Now, on top of this intolerable situation, is added the prospect of huge cuts in program spending as a result of the Balanced Budget and Emergency Deficit Control Act of 1985, also known as Gramm-Rudman-Hollings.

The overall level of cuts to the FAA budget as a result of Gramm-Rudman-Hollings can only be estimated at this time. However, there can be no doubt about the impact on the travelling public:

The 500 million people who use the national air transportation system would be confronted with intolerable inconveniences, delays and related travel disruptions;

System capacity would necessarily shrink in order to ensure aviation safety; and

Numerous air traffic control system modernization and efficiency improvements would be lost.

The 4.3% across the board cut for Fiscal Year 1986 will result in a $211 million FAA budget reduction to be accommodated in the last seven months of the fiscal year. More than 50% of those cuts, or $110 million, will come from the already underfunded Trust Fund programs. The Operations and Maintenance (O&M) reductions ($97 million General Fund and $19 million Trust Fund) will seriously constrain the agency's ability to bring essential staffing functions up to needed levels, since approximately 70% of O&M expenditures are personnel related.

The potential Fiscal Year 1987 budget cuts will be far more serious. It is, of course, too early to know the precise level of cuts that will be called for, but achievement of an overall $144 billion deficit ceiling in Fiscal Year 1987 would appear to require cuts in a range between 18% and 24%. If a 20% sequester were required, for example, FAA would incur a reduction of nearly $1 billion, over half in Trust Fund programs. The ability of the agency to perform its statutory responsibilies with cuts of this magnitude might well be in doubt, with an erosion of public confidence in the safety and capacity of the aviation system. The future beyond Fiscal Year 1987 in such an environment is difficult to contemplate and unpleasant under any scenario.

Under the scenario cited above, Facilities and Equipment programs (F&E) would lose nearly $200 million in Fiscal Year 1987, combined with a $43 million cut in Fiscal Year 1986 and $766, combined with a $43 million cut in Fiscal Year 1986 and $766 million underfunding from Fiscal Years 1982 through 1985. This cumulative shortfall of over $1 billion would seriously degrade the NAS Plan. And since, under Gramm-Rudman-Hollings, the required percentage reduction must be applied equally to each "budget item" that appears in the budget justifications submitted to the two Appropriations Committees, major NAS Plan projects would face funding dilemmas. Last Year, FAA was able to protect major NAS Plan projects by delaying other supporting projects which have less impact on system safety. This is a short term expedient which can only delay needed improvements and increase NAS Plan costs.

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[1] Air Traffic Control Association, Air Transport Association, Airport Operators Council International, Allied Pilots Association, Aircraft Owners and Pilots Association, Aerospace Industries Association, American Association of Airport Executives, Electronic Industries Association, Experimental Aircraft Association, General Aviation Manufacturers Association, Helicopter Association International, National Aeronautic Association, National Air Transportation Association, National Association of State Aviation Officials, National Business Aircraft Association, and Regional Airline Association.

For the Airport Improvement Program (AIP), a $185 million cut in Fiscal Year 1987, on top of a $40 million cut this year and a $360 million shortfall during the past four years would virtually destroy FAA's ability to make meaningful discretrionary grants to airports where safety and capacity projects require more than can be funded solely by entitlement allocations. The nation's pressing problem of inadequate airport capacity would be greatly exacerbated by such cuts.

Similarly, impact of cuts of the dimension envisioned in the new law would be destructive to all programs bearing on safety, efficiency and capacity. What makes such a prospect so unacceptable for aviation is that system users are more than paying for these programs through user taxes. Not only does aviation face enormous capacity problems and possible decreased margins of public safety as a result of Gramm-Rudman-Hollings cuts, it also faces a compounding and amplifying of the inequity already experienced due to abuse of the Trust Fund's intended purpose.

When the aviation user taxes were renewed in 1982, in concert with the reauthorization of airport and airway programs, the enormous development requirements of the airport and airway system were universally recognized. It was clear that significant investment in the infrastucture and capability of the aviation system was required if it was to accommodate the growth of aviation in a safe, efficient and timely manner.

The Administration proposed, and the Congress endorsed, the far-reaching NAS Plan, with a price tag of $11.4 billion. The industry supports the NAS Plan. And while there has been concern with progress that FAA has made on certain of the Plan's elements, funding deficiencies which have occurred over the past several years, combined with current deficit reduction efforts, trigger alarm for the future of NAS modernization. However, during the Fiscal Year 1986 appropriations hearings in the Congress, FAA indicated that although its F&E request for that year would permit the critical NAS Plan Programs to be carried out on schedule, the cumulative shortfall from full authorization levels must be resolved soon, or slippages in major program schedules were bound to occur. Such slippages would mean an inability of the airspace system to keep up with demand for system services. The result would be an increase in delays, which is the primary way to maintain safety when capacity is inadequate.

The need for airport capacity enhancement and expansion is also universally recognized as indispensable to the future of the aviation system. The FAA's National Plan of Intergated Airport Systems (NPIAS) forecasts airport development needs of $12 billion thorugh the year 1993, over $6 billion of which will be needed to enhance the capacity of the system. All segments of the aviation industry have joined with FAA, state governments and airport operators in coordinated efforts to enhance and expand airport capacity, and create new facilities where needed. The AIP is an integral part of those efforts, providing one out of every three dollars of eligible airport capital financing. Underfunding in the airports program clearly compounds the overall problem of system capacity.

Continuing progress in aviation R, E & D is also critical to the future success of both airport and airway programs. Shortfalls in R, E & D funding will detrimentally affect safety programs, NAS Plan implementation schedules and programs for increasing airspace and airport capacity. Like F & E and AIP funds, R, E & D funds have fallen considerably below authorization levels in recent years, despite the significant needs and Trust Fund resources.

FAA O & M, which is partly funded from the Trust Fund, also has growing requirements which have not been fully met in recent years. Of particular importance are the controller, safety inspector, security personnel and facilities maintenance technician staffing levels which are essential to safe and efficient system operation. We simply cannot afford cuts in these vital areas.

We strongly support your proposal to exempt the Aviation Trust Fund from any general budget limitation imposed by statute on expenditures and net lending of the U.S. Government. Your proposal is well founded in terms of both equity of the user-pay Trust Fund concept and the major financial commitment we all were led to believe the government made to fund the NAS Plan and AIP when the airport and airways legislation was reauthorized in 1982.

The passage and enactment of such legislation will require considerable time and effort, and its prospects are uncertain. In any case, if cuts under Gramm-Rudman-Hollings are required, it is essential that the FAA Administrator be given the flexibility, as he has had in the past, to determine which budget items should absorb such cuts. If some NAS Plan budget items can be deferred to enable other, more critical items to be implemented on a timely, cost-effective basis, the Administrator must have flexibility to do so. The equal application of percentage reductions to all FAA budget items would handcuff the Administrator and prohibit him from exercising necessary discretion in accommodating these reductions with the least impact upon system safety and capacity.

Beyond the immediate budget crisis, which must be addressed, we should keep in mind that the authorizing legislation for the Trust Fund and its user-funded programs expires at the end of Fiscal Year 1987. The reauthorization process will provide an opportunity to explore new ways of funding and operating the national airspace system, and to ensure that aviation programs in the future are freed from the inequities that have existed during the past fifteen years.

Madam Chairman, we believe it must be reaffirmed that aviation safety cannot be sacrificed. Moreover, it must be recognized that the needs of the travelling public must be accommodated, and that resources are available to accomplish that objective. We want to assure you that the aviation organizations will play an active role in supporting S. 1979, and will develop and present constructive proposals to enable funding of programs vital to the enhancement of aviation safety and capacity. Thank you for the opportunity to appear, and we will now be pleased to respond to any questions.

Senator KASSEBAUM. Thank you very much, Mr. Stimpson.

Does anyone else have any comments they would like to add before we start the questions?

Mr. STIMPSON. Do you just want to start at the end of the table?

Senator KASSEBAUM. Does everyone have some comments they want to make?

Mr. VON KANN. Madam Chairman, I have been around for a long time. I think we have really discussed two very important issues this morning. One is Gramm-Rudman and where it leads. It is inconceivable to me that the authors of the bill or that the administration contemplate that these across the board cuts can proceed indefinitely year after year until we reach a balanced budget. Some serious and difficult choices have to be made, and I think the testimony this morning indicates that we are coming very close to those difficult choices as to where the priorities are, and we will probably have to face up to those in 1987, if not 1986.

In any event, whatever happens, the validity of freeing the trust fund stands up under any set of assumptions. As you know, I have been around a long time, and ever since the trust fund was brought into being in 1970, as I recall, people have been toying with it. It has become a toy of the budget, and the trust of the Government has been put in question by the way the trust fund has been handled, and the time has come to free it, no matter where we go on Gramm-Rudman. And we certainly support your bill.

Senator KASSEBAUM. Thank you.

Mr. Baker.

Mr. BAKER. Thank you, Madam Chairman.

Contrary to what you anticipate, my remarks will be brief. One, we applaud what you are doing, obviously. I think the fact that you have the industry together for the first time in my recollection brings that home very strongly.

I share your concern, however, about 1987. I am certainly not sanguine, if we are going to have an increased O&M funding for 1987, that we are not going to come out in tatters on the other parts of this program, which are so vital, particularly airports and so forth.

The flight service station question which you hit upon is a disaster now. If they cut any more from a program which they are not making any progress, we are going to see dramatic impacts on safety. And from general aviation's perspective, last year is the best year we ever had. Half of our fatal accidents, however, are related to weather, and if we systematically destroy this system which puts weather in the hands of the pilots, you are going to see those fatalities reversed and the record start to deteriorate.

There are areas where we think cuts can be made, but broad-axe cuts in a program of this magnitude and the importance to this country simply are not an acceptable alternative under any case, I think. So I think you can count on the whole industry working with you, one, to see this trust fund pulled from the unified budget.

And as you may recall, Madam Chairman, I was not a major fan of this at the time the bill passed in 1982, and I would hate to say I told you so, but I did. And we will sure work with you to see that it does not happen again.

Senator KASSEBAUM. Thank you.

Mr. WINANT. John Winant, National Business Aircraft Association. I would like to comment on two aspects.

First, and let me preface this by saying, I do not like to take issue with Administrator Engen. I think he is a man of great integrity and honesty, and he is totally dedicated to safety.

I do, however, want to question what I perceive from his statement to be his belief that he can fence off certain areas of FAA from the effects of Gramm-Rudman-Hollings. I hope he can, and even if he can there are going to be devastating impacts felt in 1987. But I sincerely hope that he does have the latitude to fence certain key areas off.

My best belief, from what I have been able to learn from opinions which appear to generate within the Department of Transportation and from the Office of Management and Budget are that Administrators will have no latitude whatsoever, and that if a 20 percent cut, for example, is mandated to take effect in the FAA, 20 percent is going to be taken equally from each and every line item.

And if that is the case, then fiscal year 1987 is going to see a magnitude of devastation in the efficient operation of the air transportation system that has never been precedented before.

The second comment relates to safety in general. I feel absolutely certain that Admiral Engen will do everything he humanly and institutionally can to preserve the highest level of safety under whatever level of cuts may be handed to him for implementation.

If he does, and I hope he will maintain that level of safety, then we can look for a grinding down of the orderly flow of air commerce in these United States to the point where it almost will be shut down. And I think that is deplorable, not in the interest of the aviation community, but in the interest of the citizens of the United States who rely on this system for transportation, for commerce and for the transaction of business.

Thank you.

[The statement follows:]

STATEMENT OF THE NATIONAL BUSINESS AIRCRAFT ASSOCIATION, INC.

Madam Chair and Members of the Subcommittee: Thank you for allowing the National Business Aircraft Association, Inc. (NBAA) to present this statement on the subject of the impact of the Balanced Budget and Emergency Deficit Control Act of 1985, commonly known as the Gramm-Rudman-Hollings (GRH) law, on funding for aviation programs and aviation safety. NBAA represents the business aviation interests of some 2950 companies which, collectively, operate in excess of 5600 aircraft to fulfill their daily business transportation needs. As our members use their aircaft as transportation tools, any impact on the ability of American business to safely and efficiently travel throughout the nation is of great concern to us.

At the outset, please understand the NBAA and its membership supports the goal of a balanced Federal budget. Nothing would better allow the leading companies in American business, which comprise our membership, to grow and prosper, thus alleviating many of the other problems confronting our national economy. We are convinced, however, that GRH will have a strong and immediate adverse impact on the interrelated goals of capacity and efficiency in the national system of air transportation.

The impact of GRH to aviation will have two facets. The first facet and the source of our immediate concern is that of the everyday operation of the air traffic control system and the ancillary functions of the FAA which support it. The second but no less important facet is the status of and overwhelming need for substantial investment in our nation's aviation infrastructure: airports and heliports and navigation aids and surveillance systems. We will expand on these points later in this statement.

RECOMMENDATIONS

We fully support and urge expeditious enactment of Senator Kassebaum's bill, S. 1979, to remove the Trust Fund and its programs from the unified budget. Toward this end, we pledge our active support and that of our membership and trust we will be called upon to assist. Should such legislation fail to free the FAA and its programs from the short-sighted constraints imposed by GRH, legislation specifically exempting FAA from the process should be enacted. Finally, this Subcommittee, its House counterpart and Congress as a whole should begin the process of developing legislation to re-authorize the expiring 1982 Act, perhaps well before the September 30, 1987, deadline.

Also, and realizing that the above actions are not ones which can be effected immediately, Congress should quickly grant the FAA Administrator the discretion to make the appropriate programmatic changes within the agency's projects and activities. By so doing, Congress would ensure that a 4.3 percent reduction can be effected at the agency level without short-term harm to safety and efficiency during FY 1986.

To understand the impact resulting from GRH, one must examine the historical relationship of the FAA to the system of air transportation. Thus, while the intitial portion of the following may be redundant to the Subcommittee, we feel it is nonetheless important to cover some background in order to put the entire situation in the proper perspective.

OVERVIEW OF THE AIRPORT AND AIRWAY TRUST FUND

As the Subcommittee is aware, the FAA is currently oeprating under the provisions of the Airport and Airway Improvement Act of 1982. This law authorizes some $12.685 billion to be spent from the Trust Fund through FY 1987 for airport improvement, research, development and engineering and the upgrading of air navigation facilities and equipment pursuant to the National Airspace System Plan, or NASP. Additionally, the FAA is authorized to draw $8.234 billion from the Trust Fund to pay a portion of its Operations and Maintenance expenses, or administrative overhead. This "contribution" represents what has been termed aviation's share of the cost of operating the airport and airway system and the FAA.

A measure accompanying the 1982 Act levied sharply increased Federal excise taxes on non-commercial aviation fuel, air freight and an 8% tax on the transportation of persons by air, commonly known as the "ticket tax" but applicable to all commercial air transportation of persons. These "user fees" provide the revenues flowing into the Trust Fund.

NBAA and its membership supported the 1982 Act and its accompanying tax legislation because of their three-fold promise of expanded capacity, increased safety and enhanced efficiency in the airspace and at the airport. These goals were to be realized through the application of technological solutions to the problems resulting from operating aircraft of the 1980's and 1990's in a system designed in and using equipment dating from the 1950's.

Instead, the 1982 Act has not fulfilled its promise, indeed has not been allowed by Congress and the Administration to fulfill its promise. As evidence we offer the record system delays encountered during the summer and fall of 1984, when demand for air transportation outstripped the system's ability to accomodate users. Further evidence can be found by examining the restrictions in existence at certain "high traffic density airports" at which operators are required to obtain reservations or "slots" to land or take off solely because the airports' operators have not adequately planned for the amount of traffic now using them or properly spent the millions of dollars in airport grants they have received over the years to enhance capacity. The result of the failure of Congress and the Administration to fulfill the commitments made in 1982 has been to delay the implementation date of numerous system enhancements while deferring expenditures to later years, in some cases into the next decade. The effect has also been to allow an uncommitted balance of some $3.5 billion to build up in the Trust Fund, an amount many feel is being "held hostage" to make a dismal Federal deficit appear slightly better. As a result of these reductions in funding, we project the potential shortfall in spending on FAA capital investment programs since 1982 to be as much as $2 billion by October 1, 1986.

Ironically, the failure to expend the revenue deposited into the Trust Fund has resulted in the "triggering" of a provision in the 1982 Act which automatically reduces the "contribution" appropriated to the Operations and Maintenance account by two dollars for each dollar not appropriated to the Facilities and Equipment account. The effect has been to artificially increase the percentage of the FAA's administrative expenses funded from general revenue. However, the final irony is that, because of sound FAA management coupled with the nature of the budget process, wherein past spending computations have been based upon the previous year's baseline, the application of cuts under GRH will be based upon not only these baselines but also the baselines after the previous year's Congressional budget cuts or GRH sequestrations. Effectively, FAA will "punished" for not seeking to increase its budget at every opportunity and wasting funds while other, less conscientious agencies in the Federal government will be "rewarded." Clearly, Madam Chair, this is an intolerable situation, made all the worse by enforcement of GRH.

EFFECT ON FISCAL YEAR 1986

Programs funded from General Revenue

If GRH is applied to FY 1986 spending as envisioned, by reducing funding for each and every FAA program by 4.3%, the damage to the FAA and, perhaps, to our nation's system of air transportation, will be both measurable and immediate. The primary damage will be to staffing levels at the agency. Among affected positions will be the air traffic controller workforce, barely recovered from the aftermath of the 1981 PATCO strike and still, we feel, understaffed. Examples of the effect of continued low controller staffing levels include possible closure of low-activity control towers with a reduction in hours of operation or capacity at others.

Flight Service Station (FSS) personnel may be reduced, resulting in a failure of many operators to receive timely or complete pre- or in-flight weather information. Such reductions may also result in mandatory closures and consolidations of certain FSSs, something Congress has been reluctant to authorize. Further, it is evident that the impact of such closures and consolidations will not be softened by installation of the automated equipment envisioned by FAA and which, of course, has been delayed through previous funding reductions.

Other activities, such as testing and certification of airmen, training of new air traffic controllers and other personnel, aviation safety and technological research conducted at the Atlantic City, NJ, facility may be curtailed or eliminated.

Additionally, cuts may have to be made in the inspector workforce. The stated goals of the Secretary of the Department of Transportation are to increase the number of inspectors by 500 over the next three fiscal years in order to ensure proper adherence to FAA regulations. We understand that this is a goal of the Congress, also. With reductions of the scope planned, the FAA will be fortunate to retain the number of inspectors it currently has, much less increase it. Another result will be a reduction in the number of employees available to perform maintenance on electronic navigational aids, air traffic control radars and computers and communications equipment. It is entirely possible that facility outages, either partial or total, will increase in frequency, further adversely affecting capacity and efficiency. All in all, the normal, everyday activities of the FAA will be severely constrained—some may be eliminated altogether.

These examples of staffing reductions likely to be made at the FAA only scratch the surface, yet they represent the "front-line," if you will, of FAA's manpower available in fulfilling its legislative mandate to foster and promote both the safety and growth of aviation. Consequently, and in the quite proper interest of maintaining the highest levels of safety, we anticipate the air traffic control system will be subject to a form of flow control which will make the restrictions imposed in the immediate aftermath of the August, 1981, PATCO strike pale in comparison. Such strict control will prevent the timely, flexible flight operations air travelers have come to expect. The growth of aviation will be stymied and the funds paid by users to support and achieve the desired flexibility will sit idle, providing nothing in return, except, of course, a slightly better balance sheet for the Federal government.

Of particular concern to us is that the reductions mandated by GRH will also affect funds obtained from the Trust Fund, a funding mechanism which is not now nor has ever been in a state of imbalance.

Programs funded from the Trust Fund

The ability of the FAA to expend previously appropriated funds for system improvement and capacity enhancements, items funded directly from the Trust Fund is of equal concern to us. By sequestering capital improvement funds and thus further postponing needed replacement and upgrading of outmoded equipment, benefit to cost ratios will sag, procurement costs increase and eventual completion of the National Airspace System Plan will be further delayed, if the Plan can withstand this latest of many onslaughts. The simple fact is that many needed system improvements are being postponed at current levels of funding and that further delay threatens both the viability of the Plan and the commitments users have made to see it put into operation. Also affected will be the ability of the air transportation system to support the future needs of all who depend on air transportation.

Short-term projects

Among planned projects which will have direct and short-term contributions to safety and capacity improvements and which have been and will continue to be delayed are the Microwave Landing System (MLS), Automated Weather Observation System (AWOS), implementation of non-precision instrument approaches using LORAN-C and filling of the LORAN-C "Mid-Continent Gap." These projects are merely examples of ones which, if completed, would offer immediate benefit to commercial and non-commercial users alike, resulting in the ability to use airports which, due to a lack of weather observers or instrument approach capabilities during periods of poor weather, are not or cannot be safely and reliably used. Completion of these projects would allow the increased use of such airports during periods of inclement weather, thus enhancing the flow of traffic to them and reducing operators' demand for other, better-equipped facilities. Increases in capacity would also come about through the availability of timely, accurate weather information where, possibly, none currently is provided, increased numbers of precision instrument approaches where, again, no such capability is available and more non-precision approaches at airports which do not have the IFR traffic flow to support installation and maintenance of the costly electronic equipment which would otherwise be required. These types of projects, resulting in immediate capacity and FAA productivity gains, should not be subject to deferrals but should instead by targeted for priority implementation.

Long-term projects

Examples of long-term projects which will likely be further delayed include procurement of the Host Computer System, Automated Flight Service Station equipment and NEXRAD and Doppler weather radar systems designed to detect windshear and microburst phenomena. Many such projects comprise the "guts" of the NAS Plan. Reductions in funding, over and above those already sustained through inadequate appropriations in earlier years, will surely delay and perhaps result in the cancellation of these programs, forcing the FAA and aircraft operators of all types to contend with continued operation in an outdated air traffic control system even longer than is now projected. These major, long-term projects, wherein the majority of the NAS Plan benefits will accrue to users and the FAA through automation, should also receive priority.

Airport development

Of course, airport development and improvement should not be omitted from this equation. Congestion and delay in the air transportation system begins and ends at an airport. Many airports throughout the country are operating at or near peak capacity with many more expected to achieve that dubious distinction within ten years. Lacking needed and previously-planned investment, airport saturation will soon be the norm, rather than the exception. The unprecedented delays and congestion of late 1984 will be repeated if runways and taxiways are not improved, new and longer, as well as shorter, "stub," runways are not built and the construction of new, more modern airports not begun.

The most recent FAA National Plan of Integrated Airport Systems demonstrates some $18.3 billion in capital investment needs through 1993 at airports throughout the nation. Municipalities and airport authorities simply lack the necessary financial resources and, without the support provided through airport planning and capital development grants from the Airport and Airway Trust Fund, these improvements will not occur.

FISCAL YEARS 1987–1991

In sum, the application of budget cuts and sequestrations as a result of GRH could not have come at a worse time for aviation. In FY 1986 alone, millions of dollars previously planned for and appropriated by Congress will not be spent to alleviate existing system requirements. Through the life of GRH, untold billions of dollars previously planned for and appropriated by Congress will not be spent to alleviate existing system requirements. Through the life of GRH, untold billions of dollars will be kept from fulfilling the goals and promises for which they were collected from users. The Congress and the Administration must take immediate steps to forestall the drastic, supposedly unintended, effect of these cuts on aviation programs. Without such steps, the approximately 500 million air travelers each year will find that the resulting system simply cannot support the demand for air transportation. Anyone who depends on air transportation, such as the banking industry, to move cancelled checks from bank to bank, businesses using small package express services, the Postal Service, the tourism industry and even the military, which uses civilian aviation facilities when operating domestically, well be adversely effected. We can only speculate on the damage to the overall economy and, consequently, to the very effort to balance the Federal budget from which these problems derive.

The future of the FAA, its capital development programs and aviation in general is not a bright one as a result of GRH. We are hopeful that thoughtful, reasoned actions will prevail and that all in aviation can get on about building, expanding and benefitting from the safest, most efficient system of air transportation ever devised.

Again, we thank the Subcommittee for allowing us to present this statement and stand ready to answer any questions you may have.

Senator KASSEBAUM. Mr. Stephen.

Mr. STEPHEN. Gramm-Rudman is good in the sense it is causing us to re-evaluate across government our programs that are necessary and what we should fund as citizens, and what we should look at—how we make cuts. In fact, the NAS modernization plan contemplates that we can gain efficiencies out of the FAA because as we implement our modernization plan we are able to consolidate facilities and close data facilities.

And so I think we have an objective as a community of seeing the money spent efficiently.

I think the bad news side of it has been stated over and over again, which is that Gramm-Rudman is inappropriate to a user funded program. This is a user funded program. Beneficiaries are paying for this both from capital and from an O&M point of view.

Echoing what John Winant had to say, a number of us had to live through the constraints following the air controllers strike. You can maintain a safe system by putting a cap on the ability to fly. If we look at reinstitution of flow control, we will have delays, perhaps starting this summer, the peak travel season of the airline industry. That will mean that, with the hub and spoke operations of airlines, that we may have missed connections, and it is a very poor price to pay when the money is in the trust fund to keep the air traffic control system and other functions of FAA whole.

And finally, I think the point has to be made here that, even if we can come up with an appropriation for the Department of Transportation specifically for the FAA, if the Gramm-Rudman process—if the rest of the government cannot come to an appropriation, then the sequestration order would take effect against the level of appropriation that we had all agreed to.

So I think that we cannot just solve it within the FAA budget, but across the budget of the entire government. And it does suggest that if it cannot be achieved, then the cuts are going to come mindlessly against the agency.

Senator KASSEBAUM. Mr. Fleming.

Mr. FLEMING. Thank you, Madam Chairman. Roger Fleming, Air Transport Association.

I would like to strongly support statements made by my colleagues John Winant and by Alan Stephen of the Regional Airline Association expressing concern for the free flow of air commerce and what the results of Gramm-Rudman may be if the sequestration process plays out.

I would like to make a special plea for the point that appears in our written statement regarding the need for the Administrator to have some flexibility and latitude in determining where those cuts are made. If he had such flexibility, he could assign priorities and give attention to the really important needs.

As an example, the ATA member airlines believe that there is one major program included within the NASP, the Microwave Landing System, which could be cut back or deferred in light of the current pressures imposed by the Gramm-Rudman-Hollings legislation. Very few airline aircraft will be equipped to use the MLS in this decade, and unresolved questions remain concerning cost-benefit aspects of retrofit of airline and other aircraft.

For these reasons, the airlines believe the MLS implementation program can be delayed to permit investment in other more important and critical programs; those, for example, that the Administrator has described in his responses to your questions as being fenced off.

I would like to point out also that the airlines see some other critical implementation needs in the short term for instrument landing systems, and I am sure some of my other user colleagues would support me in that expression.

Another opportunity for saving might come in an area that you have already addressed in one of your questions to the Administrator, and that is the matter of streamlining the FAA's highly decentralized management structure. The Administrator did respond, as I understand it, that he does not intend in the immediate future to undertake any such modifications, but would look at that possibility in the future.

In any event, Madam Chairman, we believe it is absolutely critical that the Administrator and perhaps the Secretary have some flexibility and latitude in deciding where to take these cuts.

Thank you.

Senator KASSEBAUM. Thank you.

Mr. Barclay.

Mr. BARCLAY. Madam Chairman, I really do not have anything of substance to add. I would just like to emphasize the frustration that our members feel as the public officials responsible for aviation in the local community. They are constantly being asked the question that, here we have paid, the users of the system have paid for safety, they have paid for it up front in advance, and they are still not getting the money back into the system and they see serious safety problems occurring.

I am reminded that back in 1978, when this committee reviewed the PSA accident out at San Diego, where a small airplane was training using the back course of an PLS opposite active traffic ran into a LSA aircraft——

Mr. BAKER. I would beg to differ with the witness. I think the NTSB said the airline aircraft overtook the general aviation airplane from the rear.

Senator FORD. This is getting good, Madam Chairman.

Senator EXON. They did run together.

Mr. BARCLAY. They ran together, and if one went back there were many reasons possibly for that accident. But if one went back to the basics, there was not another ILS within 100 miles of San Diego at the time, which was a major air carrier airport.

And at the time we were also sitting on a $3 billion surplus in the aviation trust fund, part of which is dedicated to installing ILS equipment. And it is those kinds of inconsistencies that I think frustrate our members, both from the point of view of safety and for development of the airports.

Senator KASSEBAUM. Thank you very much.

I think there have been some very thoughtful observations made, and it expresses the concerns that we all feel. Many of you have testified to the need to force both Congress and the administration to evaluate the priorities in each of the various programs of the FAA. I think that is positive as I believe it is essential that we try to assess priorities and the steps in which they should be implemented to assure rational future development. To fail to do this will result in slowing down the flow of traffic to try and ensure safety, which as we all know is not an acceptable alternative.

I think whether it is MLS or ILS, for example, these decisions have to be made as a part of the while picture. I think the frustration is that we are having a hard time staying ahead of the game, so to speak, and laying out the priorities, because as soon as we do a rug is pulled out from under one sector or the other.

I personally believe a stretching out of the NASP, which seems imminent, could end up costing us even more in the long run. It will be shortsighted of us if we take only the short-term requirements that we have to meet, but fail to fit it in with our long-term goals.

It is going to call for very close coordination among all of us to do both.

Mr. Fleming, the ATA has put forward a suggestion that the air traffic control system should be privatized, which is the new word going around for helping us solve some of our budget problems. There is nothing wrong with privatization, certainly, and many of us have supported it in the sale of Conrail and National and Dulles sale.

But I think there are areas that take careful scrutiny, and I wondered how your suggestion was evolving for selling of the air traffic control system.

Mr. FLEMING. Well, Madam Chairman, we did not propose to sell it. As a matter of fact, we propose that the most logical course of action, you may recall, would be a Federal corporation rather than going the full step to privatization.

We had in mind particularly the concerns for national defense that might arise both within the Congress and within the Defense Department in reaching that recommendation.

At the present time, we have commissioned the National Academy of Public Administration to undertake a study of the Federal corporation concept to determine its feasibility and to report to us during the month of March. The study is under way. The National Academy officials are visiting all interested organizations within Washington that should be concerned about our proposal, and I anticipate the report will be completed on schedule. And of course, we will report to you promptly when that is done.

Senator KASSEBAUM. As a corporation, are you envisioning that users of the system will pay the corporation for use of the system?

Mr. FLEMING. Yes.

Senator KASSEBAUM. The airlines and the general aviation users and so forth?

Mr. FLEMING. Yes. Madam Chairman, the study that we commissioned is a concept of the ATA personnel who were involved in developing the proposal—that included myself—we believed that the current revenue stream which is coming to the trust fund from the various users would be adequate to support operations of the air traffic control system by a Federal corporation well into the 1990's, without any changes in those levels of revenues that are currently flowing into the trust fund.

Senator KASSEBAUM. At the same proportion, you say, of the trust fund that is used for operations?

Mr. FLEMING. No, Madam Chairman, I think it would be more nearly correct to state that the level of revenues that are currently being paid into the trust fund by the users would be adequate to support the operation of the system in toto, combined with the surplus that is currently in the trust fund, well into the 1990's.

We did not contemplate any changes in those relative levels of revenues.

Senator KASSEBAUM. And still fund facilities, equipment, and research and development and all the other aspects of the trust fund?

Mr. FLEMING. Yes, Madam Chairman. That is, those related to the air traffic control system, but not, for example, those research and development programs which support Mr. Broderick's aviation safety initiative in the FAA framework.

Senator KASSEBAUM. But the management of the system would be essentially the same, is that correct? I mean, what would be the advantage of this from a budgetary standpoint?

Mr. FLEMING. Well, the advantage from a budgetary standpoint is probably not a matter that I am best able to respond to you on. I think the advantage to the system is clear, though, and that is that the system would be assured a steady flow of funding for investment in both the capital and human resources needed to meet demands placed upon the system in the future.

Now, that of course is one of the matters that is addressed in your bill, too, and that is why all of the users strongly support your proposed legislation.

Senator KASSEBAUM. Regarding the NAS plan, do you believe—and probably some of you do more than others—that it would be slowed or stretched out without any real consequences to future development? Does anybody have any thought about how that could be handled?

Mr. FLEMING. I might start a response, Madam Chairman, by noting that I share the sentiment that you expressed just a moment ago, that if the Gramm-Rudman cuts foreseen in 1987 come into play in the F&E account and the ER&D account, it is very clear that the NAS plan will be stretched out and its total costs will escalate significantly, and that is bad.

Mr. STIMPSON. I think, Madam Chairman, again repeating the numbers I talked about earlier, we are already seeing certain slippages on the lower priority projects. And the Administrator's statement last year was that they had gone just about as far as they could go without seeing other slippages.

So I think there is no question that you are going to see some major delays in the program if the level of funding continues to go down.

Senator KASSEBAUM. Senator Exon.

Senator EXON. Madam Chairman, thank you very much.

The question I am about to ask does not mean to imply that I think that we do not have generally good quality safety in the airlines, in the air today. But let me ask you this question, and anyone who wishes to respond might.

You heard my earlier questions to the head of the FAA. Let me ask this question. I assume that all or most of you are pilots that fly from time to time. At least you are on airplanes from time to time as passengers or pilots.

Do you have the same general level of satisfaction as regards to security today as you did five years ago?

Mr. STIMPSON. You mean security or safety?

Senator EXON. Safety.

Mr. STIMPSON. I do, yes.

Mr. STEPHEN. Thank you for asking the question. Representing the regional commuter airlines, I would like to say categorically that 1985 we had the lowest number of accidents we have ever had in our industry. It was the sixth straight year of decline in the accident rate in our industry.

As I testified twice before, in November before this committee, our industry is dedicated 100 percent to safety. It is our number one priority and commitment to the American public, and I do not see any change in that commitment among our member airlines whatsoever this year. And we are going to do everything we can to make sure that the kinds of accidents that are happening do not get repeated, by supporting the National Transportation Safety Board investigations.

Mr. BAKER. Representing the biggest number of users of the air traffic system, contrary to what many people think, we are very comfortable that the system is in fact operating well. Our concerns are by and large more on delays and lack of efficiency in the system than they are in safety, because the normal constraint applied by the FAA in terms of overdemand is to hold aircraft on the ground.

With that goes the utility of the airplane, whether it be an air carrier aircraft or a general aviation airplane. But we are convinced that the system itself is safe.

Mr. STIMPSON. I would just like to repeat the thing Mr. Baker said earlier, and that is about the general aviation safety record last year, which was down in all categories, lowest in modern history. And from a general aviation standpoint we are getting safer. We want to keep it that way and make it ever better.

Senator EXON. Is that true in commercial airlines also?

Mr. FLEMING. Senator Exon, may I address that point since I represent many of the major airlines operating in the United States? I think in 1985 the response of the public and perhaps of yourself was tempered to a substantial degree by several accidents involving non-U.S. air carriers flying very large airplanes.

In 1985 only two accidents involved ATA member airlines. There were two other airline accidents during that year. I think any objective reviewer of safety statistics in the years since deregulation would conclude that 1985 was perhaps an average year in that sense for the U.S. operators.

Now, I take no solace in the fact that we had an average year, and I do not know of anybody else in my industry that takes any solace or comfort in it, either. And I echo Mr. Stephen's statement that we are redoubling our efforts to try to deal with the problems that resulted in accidents in the past year.

Wind shear was mentioned earlier on, I believe by the Administrator, in response to a question from the subcommittee. We are actively involved with the FAA on the contract that he mentioned that has been awarded to the Boeing Company, and in fact there will be an initial review of that work within a few weeks.

So I think that you can take confidence in the fact that those of us who are directly involved with aviation safety are working aggressively to do everything that we can to try to deal with problems as we identify them. And we welcome a strong and an aggressive FAA. We applaud the Administrator and the Secretary for coming forward with a request for additional safety inspector personnel, and we applaud your support for those personnel, too.

Senator EXON. Do I take it, then, that we could say that generally speaking you feel that the system is functioning as best as it can now and that the safety level is good, but you remain concerned about any severe cuts in number of controllers or inspectors or the other things that Gramm-Rudman threatens?

Is that a fair assessment?

Mr. STIMPSON. That is a pretty good summary, but I would say it is more than just severe cuts. I think it is making sure we have the additions in some instances, instead of cuts, that is what we need to make the system continue to work well.

Senator EXON. I assume there are a lot more airplanes in the air today than there were 2 years ago, 3 years ago, or 5 years ago, because traffic levels are mushrooming. And I assume that that upsurge is throughout the industry, both in commercial and general aviation, pretty much across the board?

Mr. STIMPSON. Despite depressed sales of new general aviation airplanes, flying activity is up slightly from a year ago, yes, sir.

Senator EXON. In general aviation?

Mr. STIMPSON. Yes.

Senator EXON. Well, it is up substantially in commercial carriers, is it not?

Mr. FLEMING. Senator, the numbers of aircraft have not increased extensively in the past five years. The airline fleet numbers approximately 3,000 now. Those airplanes are being flown perhaps an average of more hours now than they were 5 years ago.

I think you can only see modest growth in the numbers of those airplanes. But the system is indeed accommodating more aircraft flights now than it has in past years. And of course, FAA activity statistics would reflect that growth.

Mr. VON KANN. In that connection, Senator, the NAS plan was aimed at this very growth which was forecast and which is now developing. And unless the plan goes forward, the growth will be constrained.

Senator EXON. One follow up question. In answer, Mr. Fleming, to my question, you indicated that there were not necessarily more airplanes in the skies, but more frequent use of airplanes, which I assume amounts to economies of scale brought about by deregulation. More people are being moved, we are flying the airplanes that we have and using them more efficiently from a business standpoint than we did previously. Is that right?

Mr. FLEMING. Yes, sir, I think that is a fair summation. There are in fact more airplanes now than there were 5 years ago, but the growth has not been dramatic. They are being used more efficiently, however.

Senator EXON. And maintenance costs to maintain those aircraft that are being pressured into more and more use, does that show up also in increased maintenance costs by the major carriers?

Mr. FLEMING. Senator, I have not personally been involved in any detailed studies of maintenance costs. I have seen several recently, however, which show that maintenance costs, for example, per flight hour have been at or very close to level for a number of years.

If we look specifically at—particular studies looked at—the post-deregulation years, in some cases you could see a very slight decline. I think what you are seeing is a reflection of people learning how to do their jobs more efficiently, rather than any dramatic change.

One of the things airlines stress with manufacturers is improving the maintainability of the airplanes they buy new, so that the maintenance costs will in fact be lower than they had been in past airplane generations. And I think a very slight decline would be what any reasonable person would expect to see over a period of 5 to 10 years.

Senator EXON. Thank you.

Thank you, Madam Chairman.

Senator KASSEBAUM. Senator Ford.

Senator FORD. Something bothers me just a little bit. We are talking about 400 million passengers in commercial airlines, 130 million passengers in general aviation.

You are saying that the planes are being flown more hours, but that the maintenance per hour is staying at the same level.

It seems to me that if you have people on duty in maintenance, if you flew fewer hours, that would increase the cost. If you flew more hours, that should decrease the cost. If you are staying at the same level, it appears to me that there may be something out there that we do not see if that maintenance is still not increasing, because then you are not using it efficiently.

It is like trying to fly a commuter with two airplanes, and all of a sudden you have four. You have to have maybe not double the maintenance, but you have two more airplanes to perform maintenance on. And I don't quite understand that statement, Mr. Fleming.

Maybe I did not understand what you were saying, but that bothered me just a little bit.

Mr. FLEMING. Senator Ford, I think we have gotten into a very complex area indeed and it is difficult to generalize. I suggested that I think you would see relatively level or slightly declining maintenance costs per flight hour, but there are other ways to measure maintenance costs also.

And when one looks at those costs, whatever measure you use, you have got to be very, very careful to try to normalize differing factors for differing types of users.

For example, one of those factors is the average length of the trip segment that is flown. Many of maintenance costs are cycle-related; that is, related to the numbers of landings and takeoffs, rather than the number of hours flown.

So, therefore, you would expect to see a different level of maintenance costs on an airline operator that flew long distance flight versus one that flew short distance flights. I suspect that in the year since deregulation, there have probably been some changes, for example, in that average trip segment which you have got to look at and analyze carefully before you can generalize and draw valid conclusions.

For that reason, I would suggest that it is very difficult to generalize, and one has to be very careful about attempting to draw conclusions from data that is available.

Senator FORD. Well, you can look at it from the safety side. You can also look at it from the business side. And I think you look at people and talk to people here that fly as much commercial and private general aviation as any other individual, on average, in the country. I fly them every week, 48 weekends a year, average, on commercial and several days and nights with my general aviation people. And it is a fact, the more hours they get in the air, the more they get returned from that airplane, and it lowers the cost to them and increases their profit.

When you say that the maintenance cost per hour is going to stay level, then it doesn't fit with what I talked to with a local carrier in my hometown and with the general aviation person that I fly with weekly because I trust him; his airplanes are maintained well; and they are good pilots.

Now, I don't quite follow that, so I will have to look at these figures. And like Harry Truman said, he would like to have a one-armed economist. I would just like for you to tell me how it is, and not then start looking at all these other things. I am not in the business. I just trust that fellow that gets in there and cranks it up, and I can relax and go to my briefcase.

So let's talk about the NAS just a minute, Mr. Stimpson, or whoever wants to. How far behind are we with that system and how far are we behind in budgetary or authorization for it?

Mr. STIMPSON. Budgetary authorization, we are about $1.1 billion underneath the authorized level, about 20-odd percent.

As far as individual programs are concerned, you almost have to go program by program. It's my understanding some are pretty much on schedule. Some of the other programs——

Senator FORD. Are they robbing some to push others?

Mr. STIMPSON. In part, yes. So some programs are being deferred now and programs which, like the Flight Service Station Program, have been put off downstream, cut out of the budget. I understand the host computer which is important to us all, is pretty much on schedule. So there are some programs on schedule, but when you look at $1.1 billion behind in funding, it is inevitable that there are some slippages and further slippages will occur if funding levels continue to be cut.

Mr. STEPHEN. May I add, I think the Administrator has made some hard choices. In trying to man a 24 percent cut, he has kept the key programs related to air traffic control on target. But where we are concerned, from a regional commuter airline point of view, is that we are looking at just no development of small community airports.

And I think there are two things that need to be said here. The first is that you really can't rob Peter to pay Paul in this process; that the RD&E account is our investment in the future of our system; the RE&D is to achieve that system. And we need the money in airports because it is part of the infrastructure. You can build an air traffic control system; if the airports do not have the capability, then you have an imbalance.

So the programs need to move together and it is something we all debated. But from the small community point of view, we have heard that we have no ILS program effectively in place right now. The MLS program is being delayed and deferred. Our small community airport weather program is being deferred. And it will be 10 years before we start to see approach aids in many of the small communities and States that you represent. And I think it is very serious. This 24 percent cut has come at the expense of small communities.

Senator FORD. I agree with you and I come from a small community of 55,000. Our growth and our ability to move forward is the delay. We cannot point to a lot of activity in future growth and the ability to accommodate certain aircraft, and so we find ourselves in that sort of situation.

I think, as you say, rob Peter to pay Paul, but economic development in a community hinges as well on general aviation and the commercial ability to bring others in. As far as general aviation, we are fine. But we would like to have more than four 15-passenger airplanes in and out of there a day. We are beginning to improve in that position, and we are beginning to develop some. But they are looking for some help in order for the commuter to increase.

We have had Eastern and Ozark and everybody else. Finally it is the commuter that is staying with us. It is the commuter airlines doing the job for us. It all fits in together.

Madam Chairman, I compliment you again on your hearing today. I think we are learning a lot, and I hope what we hear today, particularly from this group, as an overall concern about where aviation is going, I think we ought to start listening to them a little bit so they will not say I told you so a year from now.

Senator KASSEBAUM. It is my understanding that there is a projected 20 percent cut in grants in aid to the airports in the 1987 budget and a 26 percent cut in research, engineering and development in 1987.

Mr. STIMPSON. I think a pretty good cut, too, in the F&E program.

Senator KASSEBAUM. Thirteen. So that is, of course, what we are looking at, and it is not easy as you say. Certainly the Administrator should have some flexiblity. OMB has always tended to want to direct the guidelines, as they do have the responsibility for the budget. But I think it behooves us as we work through this to make sure that the priorities and the projections are carefully thought through.

Thank you very much.

Senator EXON. Madam Chairman, one reassuring comment. I am delighted at the testimony and thank all of you for coming here today.

One of the most reassuring things that I have seen with regard to safety in the commercial aviation sector is the fact that I am convinced that the commercial airlines are making a significant contribution to more maintenance.

I think they have taken the money that they have saved from the lousy food service and contributed it to maintenance. Congratulations.

Senator KASSEBAUM. Thank you very much.

It is a pleasure to welcome the next witnesses, Capt. Henry Duffy, president of the Air Line Pilots Association, and also testifying at this time will be Mr. Howard Johannssen, president of the Professional Airways Systems Specialists.

Welcome. Captain Duffy.

STATEMENTS OF CAPT. HENRY A. DUFFY, PRESIDENT, AIR LINE PILOTS ASSOCIATION, ACCOMPANIED BY JOHN O'BRIEN, DIRECTOR, ENGINEERING AND AIR SAFETY DEPARTMENT; AND HOWARD JOHANNSSEN, PRESIDENT, PROFESSIONAL AIRWAY SYSTEM SPECIALISTS, ACCOMPANIED BY MARK SCHNEIDER, EXECUTIVE VICE PRESIDENT

Mr. DUFFY. Thank you, Madam Chairman. With me today is John O'Brien, who is director of ALPA's Engineering and Air Safety Department.

On behalf of the 34,000 pilots on 49 airlines that ALPA represents, we appreciate the opportunity to comment on the impact that the new debt ceiling legislation may have on aviation safety.

We all agree that deficit reduction is important and necessary. The only conflict is how it should be achieved. Government is based on compromise, but one area that must never be compromised, I think we all agree, is public safety.

In your letter of invitation, you requested that we address our remarks to the FAA budget and how it should be affected by future reductions.

Before commenting on those specific items, I would like to provide a brief assessment of the present state of our air transportation system from a safety perspective. I believe we must do this in order to fully appreciate our comments concerning the effect of potential budget cuts.

Last year was a record year for commercial aviation. Unfortunately, it was the wrong kind of record, one that we certainly do not want to repeat again in 1986. The previous record in 1974 did not even come close.

Ironically, the disastrous safety record of 1985 came on the heels of one of the safest years ever. In 12 months, we went from one extreme to the other. What happened? Did anything change in the past year to make the air transportation system in this country less safe? What does that portend for us in 1986? And what impact will potential budget cuts have on this situation?

First the good news. Despite widespread public misunderstanding of what has happened, the sky is not falling. We have patiently explained to anyone who would listen that the spate of accidents in 1985 was not caused by any drastic change in the level of safety of commercia air transport. These accidents resulted from safety problems that have been around for quite a while.

The fact that so few accidents occurred in 1984 and so many happened in 1985 was a statistical fluke.

In 1986 we could repeat the catastrophic 12 month period just ended, or revert to the safe record of 1984. The odds for either are almost unchanged from before.

With the exception of the word "almost" which I will get to in a moment, we can take some measure of comfort from the fact that the air transport system is not suddenly coming apart at the seams. Flying on a U.S. scheduled airline still is the safest way to get from point A to point B.

Now comes the bad news. Earlier I said that the outlook for aviation safety conditions in 1986 will be almost unchanged from 1985. By that, I meant that we are not facing a sudden catastrophic failure in the safety regulatory system. What we are facing is a slower but potentially more serious erosion of the entire safety system which started in 1978 and will continue through 1986 and beyond.

There are two primary causes for this erosion and both are byproducts of airline deregulation. The rationale is simple. First, safety costs money and price competition means that airline managers are being forced to make tough decisions on safety expenditures.

All too often safety is losing out to cost cutting. Not everywhere or every time, but enough to cause concern.

That does not mean that airlines are necessarily violatig safety regulations. Willful violations by unscrupulous carriers do appear to be on the rise, but that is only part of the problem.

Carriers do not have to break the rules to make cost saving safety cuts. To understand why, you must also understand that most major airlines exceed FAA minimum standards. It is this is extra safety margin and not the less stringent FAA minimums that gives us our excellent safety record. But it also is those extra safety margins that are threatened by cost competition.

Cost conscious managers shave a little bit here, a tad there, while the FAA offers its technically correct but terribly misleading assurances that most airlines are operating within legal limits. However, these assurances are based on an alarmingly limited ability to accurately assess what is really happening on each operator's property.

Now, to the second cause of the current erosion of safety, which is the unwillingness of some in Government to recognize that deregulation has costs associated with it. These are the costs required to provide the FAA the means to keep up with a rapidly expanding industry.

To its credit, the FAA is making an earnest effort to keep the system safe, but it cannot do that with its current resources. The number of airlines has gone up 122 percent since 1979, while the number of FAA inspectors has fallen 30 percent.

Even with the recent authorization to hire 500 additional inspectors, the FAA will not be able to fulfill all of its inspection and enforcement responsibilities.

The special FAA "white glove" inspection in 1984 and the special emphasis placed on maintenance inspections in 1986 were appropriate actions and we welcome them. However, both of these efforts confirm what we and others have been saying all along. The FAA cannot do the job properly on a routine, day-to-day basis with its current manpower and budget.

This assessment is supported by the Memorandum on Evaluation of National Air Transportation Inspection Reports issued in April of 1985 by the FAA. Slowly but inexorably, the combined effect of cost competition, explosive growth, increased crowding in the skies and the FAA's inability to cope are pushing us in the wrong direction.

That, Madam Chairman, is our assessment of the state of our air transportation system from a safety viewpoint. We are here today to address one of the reasons why we are facing a deteriorating safety situation. The reason, of course, is the FAA Budget; or, put another way, the effect budget reductions may have on FAA resources and its ability to fulfill its safety mandate.

We understand that the already-approved FAA budget for fiscal year 1986 is about 3.2 percent less than the original budget request. This reduced funding level would, by itself, create a significant negative impact on several FAA programs.

However, we are very concerned that a further across-the-board reduction of 4.3 percent in the same fiscal year 1986 could have a devastating effect on the ability of the agency to perform its statutory responsibilities. It would not only necessitate a drastic curtailment of research and development in much-needed and previously justified programs for system replacement and improvements, but may also seriously impact the actual operations of the agency.

This is of serious concern to ALPA from a safety standpoint. If personnel staffing in the air traffic control, flight inspection and procedures, and regulatory enforcement programs are effected, the margin of safety is obviously going to be reduced. This is very likely to occur if the 4.3 percent and potential 20 percent budget cuts are applied across the board.

It is unfortunate indeed, that the mandated cut in the FAA budget comes on the heels of a congressional committee conclusion that serious problems such as air traffic controller staffing shortages, increasing traffic, lack of supervision, and an unseasoned work force—and I quote—"have combined to produce a diminishing margin of safety in the nation's airways."

In response to your question concerning the air traffic control system as to "whether flow control measures are likely," we must point out that such constraints on aircraft movements are applied at the present time in order to ensure that the controller work force is not overburdened to the point where safety would be compromised.

If budget cuts are applied to the operating work force of controllers, flight service specialists, and supervisory personnel, more extensive flow control measures similar to those imposed during the early years of the PATCO strike will not only be likely, but will be necessary in order to provide an adequate level of safety.

If this situation were to develop the system capacity would obviously be reduced. This would be unfortunate based on forecasts of lower fuel costs, which in turn should promote lower air fares and stimulate increased demand for air travel service. This public demand will go unanswered if FAA budget cuts force flow control or inhibited system growth capacity.

In our statement submitted for the record, we describe several programs, projects and activities which are currently underway within the FAA. In our opinion many of these are underfunded today because funds which are collected through taxes paid by passengers who purchase tickets or taxes on aviation fuel paid by general aviation aircraft operators are not made available to the FAA. This situation which has developed over the past several years seriously compromises the basic intent of the Aviation Trust Fund.

This intent, as everyone knows, is to fund necessary safety programs for our air transportation system.

Now we are facing further restrictions on the ability to access this trust fund for needed monies to complete vital safety programs. This amounts to a basic breach of faith between those who pay these taxes intended to fund safety improvements and those in Government who approve budgets or appropriate funds.

In summary, the FAA approved budget for fiscal year 1986 is already less than the original fiscal year 1986 budget request which we believe was not adequate to fund necessary safety programs.

This 3.2 percent reduced level of funding will, by itself, create a significant negative impact on several FAA programs. However, should an across-the-board budget cut of 4.3 percent in 1986 be coupled with a further cut of 20 percent for 1987, the FAA will not be able to carry out its responsibilities as set forth in the 1958 Federal Aviation Act.

Madam Chairman, a partial solution to this problem is provided in your bill S. 1979 that, if enacted, could provide a source of funds for some of these previously mentioned activities. Therefore, we strongly endorse and promise to support your efforts to have this bill adopted.

Not only would your bill provide funding for some of these necessary safety programs, but it would lead to an expanded system capacity that cannot be delayed if we are to respond to the public need.

The problem would still remain, however, for those budgetary areas not covered by the Aviation Trust Fund. In these areas, it appears that the only immediate action which can be taken to somewhat alleviate the problem is to ensure that the FAA Administrator is provided with the ability to set up a system of budgetary priorities so that safety-related concerns are not adversely affected.

Thank you, Madam Chairman.

Senator KASSEBAUM. Thank you, Captain Duffy.

[The statement follows:]

STATEMENT OF AIR LINE PILOTS ASSOCIATION

Madam Chairman and members of the subcommittee, I am Captain Hank Duffy, President of the Air Line Pilots Association. I am testifying on behalf of the 34,000 ALPA members who fly for airlines. We commend the subcommittee for offering us 0;opportunity to comment on the impact the new debt ceiling legislation may have on aviation funding and, more specifically, its potential effect on aviation safety. We all agree that deficit reduction is important and necessary—the only conflict is how it should be achieved. Government is based on compromises, but one area that should never be compromsed is public safety.

In your letter of invitation you requested that we address our remarks to the FAA budget: how it would be affected by the sequestration order; what a 4.3 percent across-the-board cut in the FAA budget would mean in fiscal year 1986; what a cut of 15 to 20 percent would mean in out years; whether flow control measures are likely and what they would mean for the airspace system; and whether aviation safety is likely and what they would mean for the airspace system; and whether aviation safety is likely to suffer as a result of such FAA budget reductions.

We understand that the already approved FAA budget for fiscal year 1986 is about 3.2 percent less than the original budget request. We assume that even this reduced funding level would, by itself, create a significant negative impact on several FAA programs. However, we are very concerned that a further across-the-board reduction of 4.3 percent in the same fiscal year (1986) could have a devastating effect on the ability of the agency to perform its statutory responsibilities. It would probably necessitate a drastic curtailment of the research and development of much-needed and previously justified programs for system replacement and improvements, but may also seriously impact the actual operation of the agency. This is of serious concern to ALPA from a safety standpoint. If personnel staffing in the air traffic control, flight inspection and procedures, and regulatory enfocement programs are affected, the margin of safety is obviously going to be reduced. This is very likely to occur if the 4.3 percent budget cut is applied across the board.

It is unfortunate indeed that the mandated cut in the FAA budget comes on the heels of a congressional subcommittee conclusion that serious problems such as air traffic controller staffing shortages, increasing traffic, lack of supervision and an unseasoned work force "have combined to produce a diminishing margin of safety in the nation's airways." Recent incidents and accidents have also caused public expressions of concern about the FAA's ability to regulate and maintain an adequate inspection program to ensure the safety of the traveling public. Personnel traning and safety inspections must not only continue at present levels but need to be accelerated if the present margin of air safety is to be maintained. To expect the FAA to absorb further cuts of 15 to 20 percent in out years is unconscionable.

As to the question of "whether flow control measures are likely," we must point out that such constraints on aircraft movements are applied at the present time in order to ensure that the controller work force is not overburdened to the point where safety would be compromised. If the budget cut is applied to the operating work force of controllers, flight service specialists, and supervisory personnel, more extensive flow control measures, similar to those imposed during the early years of the PATCO strike, will not only be likely but will be necessary in order to provide an adequate level of safety.

If the FAA is compelled to absorb the 4.3 percent budget cut, we recommend that the FAA Administrator be granted some flexibility in managing the cut. He should be given the authority to determine which program items should absorb the reduction rather than have to impose strict across-the-board application. An attempt should be made to prioritize all operational as well as research and development programs and exempt the most important from the across-the-board budget cuts. The following programs must not jeopardized:

1. *Air Traffic Controller Staffing.*—There should be no reduction of current staffing and no deferment of hiring more controllers. Training activity must continue at present levels. The August 1985 report of the Subcommittee on Investigations and Oversight of the Committee on Public Works and Transportation indicated that "the number of controllers in 1984 was approximately 3000 short of the pre-strike level of 16,250." System-wide, the committee found that "the number of experienced controllers had declined by about one-half." The excessive controller workload, which is a function of staffing, can be shown by near-midair collisions and runway incursions. In December 1985, the FAA reported a 65 percent increase in NMAC reports since 1983. The number of runway incursions also continued to increase during this period. It should be obvious that any reductions in controller staffing would have an adverse effect on safety, especially as the FAA is far from completing

a "rebuilding of the system" since the controller strike of 1981. We again urge the rehiring of some of the "fired" controllers to expedite the rebuilding process by reducing training time.

2. ATC Computer Replacement Program.—This is an ongoing program aimed at replacing existing ATC computer systems which are not adequate for handling the projected growth in aviation traffic beyond the late 1980's. The new computers are the bases for several safety improvements which cannot be accommodated by existing computers because of capacity limitations. For example, the new computer software will provide for a "conflict resolution" function. This will not only alert the controller to potential aircfraft conflicts but will also suggest actions for effective resolutions of the situation. The new computers will also detect and track all aircraft equipped with an altitude reporting transponder and automatically alert the controller when such aircraft are in conflict with IFR aircraft. This feature will significantly reduce the potential for near-midair collisions. Existing air route traffic control centers are being expanded to accommodate the new equipment. Curtailment of this program as a result of budget cuts would extend the program over a longer period and result in cost overruns.

3. Traffic Alert and Collision Avoidance System (TCAS).—The development and implementation of an effective airborne collision avoidance system is long overdue and needed now more than ever. This system is not dependent upon the ground-based air traffic control system. The TCAS system currently under development is only marginally effective and will not provide the aviation public the degree of safety that today's technology permits. This system is known as TCAS II and provides only vertical escape maneuvers. Another system under development is TCAS III, which offers more accurate information than TCAS II, provides both horizontal and vertical escape maneuvers, and reduces the number of unnecessary alarms. Clearly the improved TCAS III system is more appropriate for airline installation, primarily because of the increased accuracy and the addition of a horizontal escape maneuver, which would be more effective in preventing a collision at both high and low altitudes. We feel that the FAA should increase its emphasis on the TCAS III system; we believe that budget cuts would seriously impact the final development of this much-needed equipment.

4. Next Generation Radar (NEXRAD) and the Terminal Doppler Weather Radar System.—The justification for these systems is well documented, needs little, if any, embellishment, and is certainly able to withstand any challenge. The current long-range weather detection system is archaic from both an operational and a maintenance standpoint, and for years the current equipment has not met the requirements of users for adequate weather information. The funding for a limited production of NEXRAD for fiscal year 1986, which was deleted by OMB, must be reinstated. The basic operational requirements for NEXRAD are still valid and, considering that the majority of fatal aviation accidents are related to severe weather, this program should receive priority over non-safety-related issues. Another critically needed program is the development of terminal area doppler radar. A critical need exists for a means of detecting microburst activity and other such phenomena that have a detrimental effect on aircraft during their most crucial phases of flight, takeoffs and landings, and have been directly responsible for major aviation disasters.

5. Tower Closures.—It has been a long-standing goal of ALPA to have an air traffic control tower at every airport served by scheduled passenger service. This goal is based on well-documented evidence that a control tower enhances operational safety. Following the PATCO job action on August 3, 1981, the FAA reduced the operating hours of over 300 control towers across the country and temporarily closed 80 towers. This action was necessitated by the lack of qualified controllers needed to man these facilities. The negative impact on aviation safety is obvious. The FAA assured the aviation community that it would do its best to return the majority of these facilities to their normal hours of operation as soon as staffing levels would permit. Due to a continued shortage of personnel after the PATCO strike, the FAA initiated a program of contracting the operation of low activity towers to the civil community. The FAA plans to include 55 airport control towers in its contract tower program by the end of fiscal year 1986. The agency's planning for fiscal year 1986 also calls for some closed towers to be decommissioned and for other towers to be returned to FAA operation. In Phases II and III of the program in fiscal years 1987–88, between 10 and 15 more operating towers are scheduled to be contracted and five nonfederal towers would be added each year. This contract tower program will provide additional air traffic control towers and has received the support of the White Hosue as well as the Congress and the aviation community. It is consistent with Administration objectives to relinquish appropriate government functions to the private sector. The closing of the low activity towers would become even more prevalent with the across-the-board budget cuts for 1986, and should the out years' cuts materialize, more operational towers might be closed. These cuts would come at a time when air traffic activity is above that of the prestrike period and, in our opinion, would have a serious negative impact on aviation safety.

6. Human Performance Research.—In order to help ensure safety in our nation's aviation system, it is important to understand areas where human shortcomings may lead to problems, incidents, or accidents. The FAA is attempting to address these issues through selection, hiring, and operational practices for its employees. Pilots are the other half of the important safety equation. The FAA published a Cockpit Human Factors Plan in January 1985 that is designed to investigate human interface with an automated air traffic control system and highly automated new aircraft. The FAA has begun to address several operational safety issues identified by this plan, and more will be studied at a later date. Rather than curtail these important human interaction safety studies, we feel the FAA should proceed with its plan with increased vigor and commitment. These safety studies will yield important immediate operational safety gains and continue to pay safety dividends in the future.

7. Aviation Safety Reporting Systems (ASRS).—The FAA has an interagency agreement with NASA providing for the funding and operation of a real-time aviation incident reporting program, the Aviation Safety Reporting System (ASRS). This safety program provides important safety analysis information unavailable through any other source. In fact, the ASRS program has become so successful that it does not have adequate resources to process this vital safety information. The program needs increased support to continue its high level of safety utility. To cut support now, in whatever manner, would seriously jeopardize this vital flow of safety information to the aviation industry.

8. Instrument Flight Procedures Development and Maintenance.—Quality and up-to-date instrument flight procedures are absolutely necessary to provide the maximum degree of safety in our airspace system. This becomes especially critical in the approach, missed approach, and departure segments of instrument flight procedures. We are aware that the procedures sections in the Flight Inspection Field Offices are understaffed and are experiencing difficulty in keeping up with the ever-increasing workload. At present, a large percentage of the specialists who are assigned to develop and maintain instrument flight procedures are trainees. We further understand that formal FAA Academy training in procedures development has already been deleted because of existing budget constraints, This means that the experienced procedures specialists must devote valuable production time to training. This situation has undesirable and, in our view, unsafe side effects. ALPA pilots have been reporting a proliferation of lengthy Notices to Airmen (NOTAMS) which are difficult to sort out in the cockpit environment and which contain an abundance of very critical procedure changes. At a high density airport, such as Chicago's O'Hare, it is not unusual to have very long, wordy changes to several procedures for several runways. Many NOTAMS are intended to be temporary, but they remain in the system for months and even years. We believe that the procedure specialists are forced to resort to issuing an excessive number of NOTAMS are permitting them to remain in effect for an intolerate length of time because of being understaffed, heavy with trainees, and having inadequate resources to process new or revised procedures in a timely manner. Therefore an across-the-board cut for this program could have a disastrous effect on the safety of instrument flight operations. We could be faced with the cancellation of existing procedures and/or a freeze on the development of new procedures. Instead of a reduction in outlay, this program desperately needs emergency aid to provide adequate staffing and training, not only to keep up with the present system but to develop approach procedures for the 1250 planned MLS systems.

9. Flight Inspection of Navigation Aids.—Since as early as 1975 the FAA Flight Inspection Program has been cutting expenses in a very dynamic manner. It has consolidated Flight Inspection Offices, reduced its aircraft fleet, and established an automated flight check system that permits flight checks in instrument weather conditions. However, the flight inspection program has reached a point where further cutbacks could result in a deterioration of the navigation system as we know it today. We believe that the application of an across-the-board cut for this program would have totally unacceptable results. Just as the procedures program might have to halt new procedures development for the lack of an adequate number of experienced specialists, the Flight Inspection Offices might have to shut down navigation facilities and have procedures canceled due to the lack of resources to permit flight checks. Duplicative procedures now published (such as for noise abatement) may have to be canceled for lack of available flight hours. Periodic flight checks of ILS, MLS, VOR, and NDB navigational aids may have to be conducted less frequently. This development would be unacceptable. Also, the thoroughness of the flight check and some of the parameters tested might have to be reduced. This is unacceptable from a safety point of view.

10. Transition to the Microwave Landing System (MLS).—ALPA supports the MLS program because precision approach procedures are inherently safer than nonprecision approaches. Our position has long been that there should be a precision approach to every runway used by air carrier aircraft. The flexibility of the MLS, especially regarding siting and installation costs, makes it possible to have a precision approach to runways where an ILS is not feasible. Also, the FAA is revising its Airway Planning Standard Number One to include MLS qualifying criteria that will permit MLS selection for runways that could not have qualified using the present ILS criteria. Because of its direct relation to safety, the MLS program should not be subjected to an across-the-board cut that would delay the availability and installation of precision approach guidance at additional runway ends that can only be provided by MLS.

11. Airline Safety Inspectors.—The safety inspectors, both flight and maintenance, provide for safe operating procedures and equipment. Although there has been a slight increase in the number of FAA inspectors in the past year, the present number of inspectors continues to lag 30 percent behind that of 1979, while the number of carriers operating today is 122 percent over the 1979 numbers. The shortage of FAA inspectors has resulted in a degradation of safety on the airlines as evidenced by more and more maintenance discrepancies that are being deferred for increasingly longer periods of time. In other words, passenger-carrying aircraft are flying longer periods of time with more inoprative equipment than in the past. Safety questions concerning the air traffic control system become academic if the aircraft operating in the system are not maintained to the high safety standards which provided the enviable safety record our industry has enjoyed in past years. We certainly cannot afford a cut in an area where it has been demonstrated that a decrease in the inspection force will result in a greater number of fatal accidents.

12. Airport Surface Detection Equipment (ASDE).—Present traffic control radar was not designed for and is incapable of locating aircraft on an airport with any degree of accuracy. Thus, in poor visibility conditions, a controller and quite often a pilot cannot determine if the aircraft is clear of a runway or taxiway. You will recall the Tenerife accident where two 747 aircraft came together at the Canary island airport because there was confusion concerning aircraft location. A contract has already been awarded for a new radar equipment (ASDE III) that will increase safety by improving the controller's ability to monitor aircraft on the ground. During the past ten years, there have been several collisions between aircraft and other vehicles on the airport surface in low visibility conditions. Also of concern to ALPA are the numerous runway incursions that have occurred and are increasing at an alarming rate. All of these accidents and incidents might have been avoided if effective and reliable surface radar had been available and in use. The research and development efforts for an improved radar system have taken 10 to 15 years. The new equipment will enhance airport safety by giving controllers a clear all-weather radar picture of traffic movements on runways and taxiways, ramps, and other operational areas. The FAA contract calls for the delivery of 17 systems and includes an option for 13 more. Any delay in these installation plans could have a serious negative impact on safety due to the increasing number of runway incursions.

13. Runway Friction Measurement.—At the present time a pilot landing or taking off on a runway contaminated with snow, ice, or slush must rely primarily on other pilot reports as to the condition of that runway and the ability to stop on that runway. These pilot braking action reports are very subjective because the reporting aircraft could be a different model—lighter/heavier, faster/slower, etc. There have been many instances in which aircraft went off runways because the flight crew had inadequate information on the stopping condition of the runway. Therefore, there is a need to determine if the presently available friction measurement vehciles are sufficiently accurate, under winter contaminated conditions, to be used to give runway friction measurement information to a flight crew. These vehicles have proven themselves to be very useful to the FAA and an airport operator in ensuring that the runway is maintained to a satisfactory dry/wet level of friction. We must not expand this knowledge.

14. FAA Security Program.—I am certain that most of you are frequent travelers and are well aware of the airport security measures being taken to prevent the hijacking of aircraft. Airports already have elaborate systems for searching passengers and luggage to minimize the chances of a hijacking. However, hijacking incidents still occur and terrorism is continuing to spread worldwide. Recent terrorist activities have emphasized that our security systems are still vulnerable. To counter this threat, we must continue the FAA security program and make improvements. As the terrorists increase their knowledge, techniques, and sophistication, we need to update and improve our security efforts. Specific support is needed for added personnel and greater research and development.

15. Air Carrier Airport Certification.—Until 1974, regulations were nonexistent for lighting, marking, visual aids, condition of the runway/taxiway, snow/ice removal, and crash/fire/rescue facilities at air carrier airports. However, the initial regulations were such compromises that many of them are little more than recommended practices. The FAA recognized this problem and recently issued a Notice of Proposed Rulemaking (NPRM) in order to bring airport regulations into line with the standards applicable to other areas of air carrier operations. However, since some of the improvements contained in the improved version of the regulations will require added expenditures, there is concern that final regulatory action will be delayed until sufficient funding is assured. Therefore, since the majority of aviation accidents—80 percent—occur on or in the vicinity of the airport, it is imperative that the regulations concerning airport safety be improved.

16. Airport Improvement Program (AIP) Funding.—Safe airports are an essential part of the air transportation system. Currently there is a serious problem with inadvertent runway incursions. These occur when aircraft and vehicles taxi onto runways where aircraft are operating. These inadvertent runway incursions need to be resolved. Inadequate visual aids, overly burdened air traffic control, and human factors errors are contributory causes. The solution lies in improved visual aids and standardization. Airport lighting and markings must be upgraded to support future low visibility operations. This requires research into new type of airport equipment, including signs and surface detection equipment. There are also basic problems with having enough good equipment to remove snow from runways, and money is needed to purchase replacement and additional equipment.

17. Aircraft Certification Standards for New Technology Aircraft.—Present regulations dealing with certification of air carrier aircraft do not address the systems and concept being proposed for the next generation of aircraft. Systems such as fly-by-wire with fully active controls, where the aircraft to a greater or lesser extent is being controlled by computers, have appeared only on certain military aircraft where mission requirements dictated such systems. In many cases these automatic systems are still in the military research and development area. However, several manufacturers are already proposing that these exotic systems be standard on air carrier aircraft scheduled to be flown and certificated within the next two to three years. If the FAA and the regulations addressing such systems are to keep pace with these advancements, it is imperative that funding be approved to allow FAA personnel to investigate these systems and concepts.

In summary, the FAA approved budget for fiscal year 1986 is already approximately 3.2 percent less than the original fiscal year 1986 budget request, which we believe was not adequate to fund necessary safety programs. This 3.2 percent reduced level of funding will, by itself, create a significant negative impact on several FAA programs. However, should an across-the-board budget cut be of 4.3 percent in 1986 and a further cut of up to 20 percent be required for 1987, we believe that the FAA will not be able to perform its statutory responsibilities. We are particularly concerned that staffing levels in critical safety areas such as air traffic control, flight inspection and procedures, regulatory enforcement programs, research and development programs, and airport and airway improvements may be subject to further reductions that would seriously jeopardize safety.

A practical solution to this problem is provided by your bill S. 1979 that, if enacted, could provide a source of funds for some of these previously mentioned activities. Therefore, we strongly endorse your commendable action and we promise to support your efforts to have this bill adopted. Not only would your bill provide funding for some of these necessary safety programs, but it would also lead to an expanded system capacity that cannot be delayed if we are to respond to public need.

The problem would still remain, however, for those budgetary areas not covered by the aviation trust fund. In these areas it appears that the only immediate action which can be taken to somewhat alleviate the problem is to ensure that the FAA Administrator be provided with the ability to establish a system of budgetary priorities so that safety-related concerns are not adversely affected.

Mr. JOHANNSSEN. Good morning. With me is Mark Schneider, the executive vice president of PASS.

Madam Chairman and members of the subcommittee, we the Professional Airway System Specalists (PASS) are pleased to appear before you today to present our views on the effects of the implementation of the balanced budget and Emergency Deficit Control Act of 1985.

In our testimony we clarify who we represent, describe the system as it currently exists, and present the projected cuts FAA would be forced to make as a result of this legislation.

Finally, we propose recommendations to help minimize the impact of this bill on the aviation safety of this country. We only ask for the opportunity to continue to insure the safety of the American flying public.

The unfortunate accident in our space program leaves all of us with a sense of tragic loss and an unyielding sense of respect and admiration for those who lost their lives in this tragedy. The events leading up to this tragedy dramatically prove that even with the world's finest pool of engineers and technicians, the most carefully planned project can still fall subject to technical failure.

The air traffic control system of this Nation is as complex as the NASA system and runs continually, 24 hours a day. Therefore, let us learn from this tragedy by ensuring that we do not reduce our pool of resources and talent below a minimum safe level.

Today we maintain over 22,000 facilities with 6,500 system specialists. This is an increased workload of 15 percent in the last 5 years, with a reduction of 40 percent in manpower. While meeting the dictated productivity demands, we have discouraging statistics in the time necessary to restore failed systems used by air traffic controllers and pilots.

In 1985 there was only one system specialist for every 59,000 commercial air travelers. In the future, with increased projected systems capacity, this number will rise to 65 to 75,000 lives per specialist to maintain the present system.

With the projected attrition of FAA system specialists with the current hiring freeze, the numbers would become astronomical.

We have the oldest work force in the Government. We have no training pipeline to replace the massive exodus of systems specialists. The departing of these specialists will mean a loss of not just employees, but also the highest level of expertise and ability to quickly restore systems providing safety in aviation commerce.

The mean time to restore indispensable lifesaving systems used by air traffic controllers and pilots will increase drastically. In other words, systems requiring repair after failure will no longer takes seconds or minutes, but hours or days to restore.

Our air traffic control system will be experiencing chaos. The user confidence will diminish greatly. Air traffic controller stress will increase without question. We will no longer be able to prevent outages as in the past.

Current staffing is desperately low. Facilities are constantly having open watches with no trained or certified specialists on duty. This is encouraged by FAA management in response to budget constraints.

Simply put, today many FAA managers, supervisors, and systems specialists hold their breath and pray no major outages will occur, taking the lives of the systems users.

Today, for example, many FAA facilities cannot accomplish necessary and mandatory workloads and provide adequate training. In other words, FAA's ability to perform the tasks required is approximately 80 percent and will fall 10–15 percent by year's end under Gramm-Rudman cuts.

We expect that backup systems can no longer bridge the safety gap due to drastic cuts in funds for spare parts and supplies. Systems will be out for longer periods of time. These backup systems also lack the enhancements, capabilities, and presentations of the primary systems.

With the inexperienced controller work force that exists today, this reliance on backup systems could be disastrous. Furloughs and possible RIFs will unquestionably destroy any morale left within the FAA ranks. We caution that furloughs will only work if everyone be furloughed equally.

As ludicrous as it sounds, maybe we should furlough the entire Agency at the same time. The FAA could give notice to the public we serve that on a certain day, air traffic control services will not be provided due to lack of funds. We are convinced that this action would be safer for the users than to run the systems dangerously short of staffing throughout the country.

We can expect massive economic impacts, reductions in capabilities, increased air traffic delays, cancellation of flights, as well as increased fuel usage and operations costs. Airlines will realize reduced profits. Communities will suffer from the reduced spending from FAA employees as well.

Also important is the question of FAA Administrator Engen being able to comply with all of the provisions of the Federal Aviation Act of 1958, as amended. This act established the FAA to ensure the safety of the flying public, as well as promote aviation in this country.

It is possible that the Gramm-Rudman-Hollings will gut this vital law. Some cost reductions could be accomplished by reorganizing FAA's internal organizational structure. We feel it would be safer to have more working specialists and fewer supervisors.

The system could be restored faster and money could still be saved. Removal of the FAA from the Federal service or contracting out the functions of the systems specialst simply will not work. Even if it could, it would not be accomplished fast enough.

Our organization does not relish the role of an alarmist. We have maintained a low public profile and have tried to work within the system. However, to go ahead with the planned severe cuts in expenditures as outlined is anact of appalling irresponsibility. We do not exaggerate when we say that it will inevitably lead to the deaths of passengers, air crews, and bystanders in the increasingly crowded American airspace.

We find this action to be no less than a fiscal act of terrorism and must be challenged and reversed before the flying public is held hostage. We in the past realized that this country is suffering from severe budgetary constraints, but we feel this kind of across-the-board retrenchment must be stopped.

We do not want one penny of public funds wasted, but we do not want one life of the air traveler wasted either.

Thank you.

[The statement follows:]

STATEMENT OF HOWARD E. JOHANNSSEN, PRESIDENT, PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS

Madam Chairman and Members of the Subcommittee: We, the Professional Airways Systems Specialists (PASS), are pleased to appear before you today to present our views on the effects of the implementation of the Balanced Budget and Emergency Deficit Control Act of 1985. In our testimony we will clarify who the professionals are we represent, describe the system as it currently exists in 1986, and present the projected cuts that the FAA would be forced to make as a result of this legislation. Finally, we will propose recommendations for your consideration to help minimize the impact of this bill on the aviation safety of this country.

PASS is the largest single union within the Department of Transportation and the Federal Aviation Administration. We represent the technical work force that serves as the backbone of the national aviation system and the flight inspection pilots of the FAA who insure the accuracy of our systems from the pilots' perspective. Our work force is one of the most sophisticated and talented work forces in the world. We only ask for the opportunity to continue to insure the safety of the flying public.

Over the years the FAA has suffered cutbacks in certain areas. Approximately five years ago, the number of systems specialists maintaining the National Airspace System (NAS) was 11,000. Due to budgetary constraints imposed by Congress and the Administration, both past and present, this number has dwindled to the current figure of approximately 6,500. At the same time that the number of specialists has decreased by almost 40 percent, the number of facilities and systems to be maintained has increased by approximately 15 percent. Today we maintain the most complex airspace system in the world comprised of over 22,000 facilities and systems. Our profession has barely met the productivity increases of more facilities and fewer people that have been dictated to us in the past. In doing so, the system has paid a price. The true cost of that price is now starting to be felt. The effects of Gramm-Rudman-Hollings will serve to escalate this cost.

Let us look closely at the profession as it is today. We probably have the oldest work force in the entire federal service. According to FAA's own figures, the demography of this work force shows an average age that today is in excess of 48 years old. In some FAA regions, this figure is even higher. The FAA Southern Region reported an average age of 51 years in May of 1985. Due to a minimal hiring effort over the past few years, this average age is increasing. The number of retirements in our profession is directly rising due to this factor.

FAA's internal figures show alarming increases in systems specialists eligible to retire. As of May of 1985, the Southern Region shows 223 or 22 percent of the systems specialists will be eligible to retire by the end of 1987. By the end of 1989 in the same region, the figure reaches an astronomical 378 specialists or 37 percent of the work force. Other regions of the FAA, except Alaska and New England, are in very similar postures. By the end of 1987, for example, the FAA's Central Region will have 24 percent of its specialists eligible to retire and 38 percent by the end of 1989. The total for all FAA regions shows 21 percent by the end of 1987 and 34 percent by the end of 1989.

The increase in employee attrition is documented in the FAA's National Indicator History and Current Objectives Analysis:

"*Separation Rate—Electronic Technicians.*—Analysis: Separation rate duriing 3rd quarter 1985 increased 32% over comparable period last year. All regions with the exception of AAL increased their separation rate, some over 100 percent. FY 1985 separation has already exceeded the 4.8% target by 4%."

In addition to the factors that applied to employees departing in FY 1985, new factors will increase these figures in FY 1986. Every change made to the federal retirement system that is negative in nature will force more systems specialists to leave the agency.

The impact of this exodus is immediately felt by an increase in the mean time to restore failure systems in the FAA. In the Terminal Automated Radar Service, the FAA shows an increase in restoration time of 17 percent for the third quarter of FY 1985 over the same period in FY 1984, and a 31 percent increase over their target time of 1.6 hours or less. Other systems that pilots depend on such as VOR's, Localizers and Glide Slopes showed similar increases. The only figure that remained constant was in the Composite Data Radar Processor Area. In plain English, when the systems fail, it is taking us longer to restore them and make them available to the users of the system, the controllers and pilots. Remember, each second of down-time is a potential danger for aircraft and their passengers and crews.

Many facilities cannot meet their current staffing requirements. This is forcing field managers into a disdainful posture. Open watches are now being authorized at major facilities. These watches were previously staffed by certified journeymen. Now, they go unmanned. An unsuspecting aviation public flies overhead while managers hold their breath and pray there are no major outages. If an outage occurs, there is no one there to restore the system until a specialist is contacted and returns to the duty facility. Restorations previously accomplished in seconds or minutes will now take hours to do. During these extended periods, the controllers and pilots must bear the burden of a hazardous aviation environment and passengers will run the risk.

Other areas besides the restoration times on the systems and facility staffing are being affected. As new systems are installed, the training of the existing work force will be greatly reduced. Much of this training is conducted at the Aeronautical Center in Oklahoma City. This involves specialists being on temporary duty away from their home facilities. Remaining specialists must absorb the additional work on top of their already overwhelming workloads. The situation that an existing facility manager will face is clear: work will not get done or training will not be accomplished.

The use of computer-based instruction at the home facility is not adequate for many of the complex systems we work on. Even when courses are available and the computer-based system is operating, the specialist still cannot perform normal duties while taking training. The only other available option is overtime, which has already been reduced for Airways Facilities. Under Gramm-Rudman-Hollings, it will be reduced even further. The end result will be an inadequately-trained work force without the depth or expertise to do the job. A similar situation currently exists in the Air Traffic Division. It it is allowed to be repeated in Airways Facilities, the ramifications will be disastrous.

The FAA currently relies on back-up systems to keep the flow of air traffic running smoothly when primary systems fail. Unfortunately, many of these back-up systems do not have the same enhancements, presentations or abilities of the primary systems. With an experienced work force, this was not a major concern. With today's work force, it must be. In addition, many back-up systems have extended outages due to a lack of availability of parts or funds to secure the parts. Priority requisitions to the supply depot that used to be filled in one day's time now take several days.

User confidence in the systems we provide is absolutely mandatory. As systems fail more frequently and take longer to restore, this user confidence is shaken. When a controller plugs into a position, he must have confidence his equipment is working properly. Radar is the controller's eyes and the radio is the vital link between the controller and the pilots. Likewise, pilots in IFR conditions are dependent upon these systems so that they may be properly separated from other aircraft. In addition, pilots also depend upon instrument landing systems and navigational aids. Neither of these professions can afford to doubt the presentations they are provided by our systems when they make splitsecond, life and death decisions.

Since our profession's inception we have taken pride in our ability to provide a safe system. This was predicted on our performing preventative maintenance. We would routinely check the performance of equipment, finding problems and preventing outages. This is the posture we feel is safest for the aviation community. Now existing cutbacks, and those proposed by the FAA in response to Gramm-Rudman-Hollings, will force us into a deeper corrective maintenance posture that currently exists. Our profession is frustrated with its inability to prevent outages because of a shortage of qualified specialists.

We have attempted to portray to you the system as it currently is. It is not a healthy system. The FAA today is not an over-budgeted, over-staffed and over-trained government agency, but quite the opposite. It is already starting to show signs of anemia. At a time when the FAA has recently announced that it must hire more controllers and aviation inspectors, Airways Facilities faces even more severe cutbacks. At a time when the FAA should be hiring and training new specialists, we are entering into the Gramm-Rudman-Hollings era. On December 30, 1985, through his Office of Budget, the FAA Administrator announced to the field that all hiring, except for controllers, safety inspectors and security specialists, is frozen. "All technical training shall be deferred except qualification and requalification training for air traffic controllers and flight service specialists, maintenance technicians to attain critical skill balance, and maintain newly deployed NAS equipment." Unfortunately, as we have previously pointed out, we do not have the personnel necessary to both train and maintain.

In addition, the field has been informed that the agency may suffer furloughs and possibly RIFs. Morale, already low, has bottomed out. This is the monster that Gramm-Rudman-Hollings has created for aviation. Our work force will continue to deplete at an ever-increasing rate without replacements. Our profession is already the shortest staffed in the agency. The workload of the typical specialist, already doubled within the last five years, will quadruple in the next five years. The inability to perform assigned tasks in a skillful manner, we fear, will degrade our professionalism.

The National Airspace System is based on integral professions, not independent performances. It does not make sense for the FAA to furlough only a part of an agency where the functions are so intertwined because human life hangs in the balance. If furloughs are a necessity, our people will serve them with every other employee in the FAA—including controllers. If we are again singled out, we will be forced to exercise our statutory appeal rights which would negate the savings any furloughs would provide. As ludicrous as it sounds, maybe we should furlough the entire agency at the same time. The FAA could give notice to the public we serve that on a certain day air traffic control services will not be provided due to a lack of funds. We are convinced that this action would be safer for users than to run the system dangerously short of staffing throughout the country.

The economic impacts on the aviation community are massive. Flow control restrictions will have to again be imposed. Delays will occur more frequently as systems become less reliable. Potential accidents will become fatal realities. These accidents will involve heavy tolls in the loss of life and property. Not only will the users of the aviation system be at peril, communities underneath will fall prey to metal falling from the skies. As incredulous as this seems, we need only look back within the last few weeks to a crash in a southern California shopping center where numerous shoppers were killed. In 1982, just a short distance from here, innocent commuters died in the Air Florida 90 crash on the 14th Street Bridge.

Profit margins for airlines will decrease. More fuel will be used because of increased air traffic delays. Insurance costs will escalate due to higher liability rates. Aviation may once again be relegated to a rich man's toy instead of a common man's necessity.

Communities will also suffer economic impacts due to loss of salaries from displaced specialists. If the specialists leave their communities to go to concentrated maintenance centers, as the FAA is proposing, their purchasing power, tax revenue and civic contributions will be lost forever to those communities.

The Gramm-Rudman-Hollings bill will not have a positive effect upon aviation. The obvious solution would be to grant the FAA a waiver from the effects of this bill. The choices left to you as legislators, as well as the FAA Administrator, are not easy. In complying with this legislation, you may find yourselves gutting the Federal Aviation Act of 1958, as amended, that created the FAA. This act requires that the Department of Trasportation and the FAA are charged with the promotion of aviation and, most importantly, insuring that the airways of this nation are run in a safe manner. We fear that the cuts, as proposed, will not enable the Administrator to fulfill his Congressional edict to insure safety. They would create, at a minimum, a moral violation of the public's trust in the FAA. The obligation of the FAA Act carries through to our defense posture. The FAA plays a very vital role in our country's defense and ability to respond to emergency situations.

This new law will force changes to take place throughout the country. Priorities must be set so that safety does not suffer. Instead of focusing cuts into the operations budget of the FAA, possibly we should look at a realignment of the agency. Is it mandatory that the FAA operate on a nine-region concept with all the associated layers of bureaucracy involved? The Air Traffic Division has operated for years on a chain of command that goes directly from the facility to the region. Airways Facilities interjects another level of management called the sector. If the simplified management approach has worked for Air Traffic, could not a similar system work in Airways Facilities? This could result in many millions of dollars being saved and still allow safety to be priority.

Future cuts mandated by the Gramm-Rudman-Hollings act will only serve to further cripple the FAA. We have addressed only the cuts that we foresee taking place in FY 1986. Once these cuts have been made, they cannot be restored to the FAA in following years. Each of the out years will require deeper cuts. Safety will diminish respectively in each subsequent year.

The aviation trust fund could be used for a "quick fix" to channel funds into the FAA. It would require legislation authorizing more money to be directed into the FAA's budget, earmarked strictly for operations. The future of the aviation trust fund would be jeopardized by this action. The fund would become one of diminishing

returns that would not fulfill the intent for which it was created. Obviously, this use of the trust fund would only be a very short-term solution. In all probability, the fund would be depleted before the Gramm-Rudman-Hollings legislation expired.

The FAA is currently considering contracting out many functions, including the technical work force. Two problems arise from this alternative. First, it will cost more according to FAA internal documents to contract out the positions in our work force than to maintain them. The test basis for the contracting out will initially cost the FAA $17 million more than to maintain the 500 positions. This expenditure in itself would not even be feasible during a time when we are faced with such severe constraints. In addition to the cost, the process cannot be in place until 1988 at the earliest. By then, we have passed the point of no return. If action is not taken by the legislative and administrative branches in 1986, it will be too late.

387 million commercial passengers used the aviation system last year. That is an average of one systems specialist for every 59,000-plus pasengers. FAA projections show the number of commercial passengers to be increasing through 1990. This is during a period when the systems specialists will lose over thirty percent of their work force. The number of passengers per specialist will soon become astronomical. Relief is needed now for our profession.

Our organization does not relish the role of an alarmist. We have maintained a low public profile and have tried to work within the system. However, to go ahead with the planned severe cuts in expenditures as outlined is an act of appalling irresponsibility. We do not exaggerate when we say that it will inevitably lead to the death of passengers, air crews and bystanders in the increasingly crowded American air space. We find this action to be no less than a fiscal act of terrorism that must be challenged and reversed before the flying public is held hostage. We, in PASS, realize that this country is suffering severe budgetary constraints, but we feel this kind of across-the-board retrenchment must be stopped. We do not want one penny of public funds wasted, but we do not want one life of an air traveler wasted either.

Senator KASSEBAUM. Mr. Johannssen, I would like to ask you why you think the air traffic control system would be chaos if there were reductions made or furloughs taken.

Now, you just heard Admiral Engen say that as a matter of fact, they were going to increase the funding for operations, particularly with the additional air traffic controllers.

Mr. JOHANNSSEN. Well, the action that the Admiral took earlier in the year to freeze hiring for our people, as I stated in my testimony, our work force is an old work force, approximately 48 years of age. In some regions of the FAA it is higher. The southern region for example, is 51 years of age.

What is happening is that there are not and have not been enough people in the pipeline to train for replacements. It takes approximately 5 years to train a systems specialist before they can go out on the floor and work with an air traffic controller, maintaining his or her systems.

There is no one to replace the people who are leaving. As I said, we have lost 40 percent of 11,600 people. We are down to 6,500 now, and if the trend continues, by 1989 we are going to lose an additional 38 percent. Normally, with the "attacks" on the Federal Retirement Program and other benefits as Federal employees, we have seen that both people within our organization and throughout management ranks of the FAA are streaming out the doors as quickly as they can. So we are losing all that talent and experience.

At present, as well as in the future, the numbers of people that will be in the facilities to restore the systems when they fail for the air traffic controllers will be limited. The scenario, as I draw here, is that there will be lots of facilities without people physically being located there as they have in the past and no one to react to emergencie!

We have information from talking to people in various air traffic control centers around the country, that we today have open watches so when systems fail, they need to pick up a phone and find somebody who wants to come in to work. That takes hours. And if you are a pilot up there with a full load, you do not want to wait hours before the system can accommodate your needs.

Those are some of the things that will create an unsafe atmosphere for us.

Senator KASSEBAUM. Captain Duffy, do you see this as a problem from the pilot's point of view?

Mr. DUFFY. Madam Chairman, we do. We have been concerned for some time with the proposals that we go to more and more of the mom and pop operation, to locally privatize some of the repair facilities. And the problem with that is, we operate 24 hours a day, and getting mom and pop out of bed at 3:00 a.m. in the morning while we are up there in a holding pattern waiting to make an approach is not something that is greatly appealing to us.

So we are concerned and we have expressed that concern to the Administrator.

Senator KASSEBAUM. I would gather neither of you, then, supports the contracting out of additional services?

Mr. DUFFY. We do not.

Mr. JOHANNSSEN. No, we do not as well. And I might just add that you could have 100,000 controllers in the system, and if the system does not work, if the equipment does not work, if the controller cannot see his or her targets on a video display or radar or speak to him on a communications channel, or have a pilot in inclement weather be able to use the instrument landing system, those controllers simply will not help at all. In other words, controller population does not make the system work.

Senator KASSEBAUM. As we have talked this morning, it is becoming very obvious that at some point we are going to have to stretch out and delay implementation of the NASP.

Both of you would have strong feelings about the implementation of the NASP. I would like to ask you, Captain Duffy, about how you feel this relates, and from a technical standpoint, Mr. Johannssen, to not only the cost impact for the future, but the safety implications of delaying the NASP while trying to meet the needs of increased traffic.

Mr. DUFFY. Madam Chairman, from two points of view, first from safety, the new replacement computers and those things that are coming on board are simply better equipment. Not only do they give conflict alerts, but they give conflict resolution.

So from that point of view, we think that stretching it out will not float at all, but we do not think the public in this time of increasing air travel, is going to accept the delays that come with the stretch-out of the plan. The plan is built, as you know, to accommodate an increasing amount of traffic and we are simply not going to be able to have enough controllers to accommodate that. We are going to have to rely on technology and the plan is such a complicated group of building blocks that when you start to stretch out some of those blocks, we are fearful that not only is .it going to greatly elongate the completion of the plan, but probably greatly increase its cost as well.

Mr. JOHANNSSEN. As far as the technology that is going into the NAS program, it has long been needed. We have been on record for many years saying that this program needs to go forward as quickly as possible. But as far as the program going forward, which is already behind, one of the things that predicated the expenditure of these tremendous amounts of funds—I believe it was $9 billion in 1983 dollars to begin with, and it will probably end up something between $17 and $18 billion before we are finished—is the fact there would be a tremendous savings in manpower.

We are finding that not to be the case. The manpower has left. We do not have them. There may be some savings there but the systems they were to be replaced with, many of them are still not in place.

For example, when you have a Microwave Landing System and an ILS, and Instrument Landing System, the routine thought would be, well, we get a new one; we throw the other one out. Well, industry is not conforming to this new MLS immediately. It is taking a period of time, so before where we had one old piece of equipment to maintain, we still have that old piece of equipment, and now we have the new piece, and need to be trained on it as well, and we are finding that they do have bugs before they can be used safely.

By removing a lot of individuals from the system the amount of time specialists have to do necessary routine tasks is reduced.

In the centers, let us look at the host computer. One of the fallacies of the host computer is the fact that the old system, is the system we have today, because the host is not yet in place. What we had in 1980 we have today; nothing has changed, except we are trying to do something. The host has been out on bid; it has been accepted; it is now going into the facilities as major renovation. But anyone in FAA will tell you that one of the problems with the present system was capacity rather than all-out failure or lack of reliability.

The present systems are quite reliable. They have done quite a good job. They did not have the capacity for the system as it expanded. The interface of all the equipments that feed the new host, that feed the present computers, if you look in the FAA records, you will find that some 80-85 percent of the problems exist with the interphasing of the equipment. The host is not going to replace anything but the computer and those continued problems will be there until this whole NASP is put in place.

So it is important that we speed up the program and get it done, but for anyone to think that we are going to be solving problems by installing the host computer, we are doing nothing but putting in a good computer in the place of a good old computer.

The problems will continue except we will have the ability for a little more capacity. But with the capacity, with Gramm-Rudman, we are not going to be able to realize that capacity because we will not have the systems and people making it safe enough to use that total capacity of the new host.

Senator KASSEBAUM. Thank you.

Senator Exon.

Senator EXON. Madam Chairman, thank you very much.

My questions of you, gentlemen, and thank you for coming, will be a follow-on to the other questions that I have asked. I ask these questions always with some hesitation because not for a moment do I believe that our total air traffic and air traffic system is faulted today. If I thought so, I would not fly on it myself.

But I think what you are trying to tell us today is it could be improved. And it cannot be improved if the Gramm-Rudman ax falls as it is poised to fall at this very moment.

Let me ask you a question, Mr. Johannssen, that I have asked previous witnesses before this Committee and have never gotten a satisfactory answer. Back in the days before the air traffic controller strike, we have had testimony here that generally in those days air traffic controllers worked 4 hours on and 4 hours off in an 8-day week.

Then we had testimony that that has been changed now to basically 6 hours on and 2 hours off. Now, I recognize that a busy airport like Washington National or JFK has more stress on an air traffic controller and they can undoubtedly work less hours under that stress than they can in a less busy airport.

From your standpoint as specialists who are in those towers viewing the people, you people were there before and have been there since. Do you believe that the new work rules, if they are implemented on 6 hours on and 2 hours off in the major airports, are wise?

Mr. JOHANNSSEN. No, I do not. I think that for the way things are today in the facilities—and it goes on a facility-by-facility basis—you cannot condemn a system or you cannot just prop up a system and say it is great. But if you go facility by facility, there are air traffic control facilities in the country today, denser airports—I believe Cleveland/Oberlin, the center there, they are some 80 people understaffed.

I know that because someone I just spoke with identified that problem. In other facilities where traffic is not as high in the Centers, for example, yes I think that it is reasonably safe that things are going well and can continue to go well, but once again it depends on FAA facilities on an individual basis.

Senator EXON. As safe as you would expect them to be under the present system?

Mr. JOHANNSSEN. With the present training background and understanding that, not the controllers that went on strike, but the ones who went to work back then and have continued to work have begun to leave the system because of their age; they were close to their retirements and such. And with them, they are taking a lot of experience and ability to handle tight situations, where the newer people, just because of lack of time and experience in the system, are not as sharp in that regard.

With the cuts, and depending on how the controllers are treated—there are two scenarios. One, there is a fence that the Admiral has put up around them, as well as the security people and aviation inspectors. That might lend the self-esteem of trying to do the job little harder because they are recognized for what they are doing.

If they are furloughed, I think perhaps that will anger them somewhat. They go into those facilities day in and day out under those circumstances and feel that the aviation system is part of our American commerce, our American need to be productive and competitive around the world.

And working with our system specialists, be they furloughed or be they not furloughed, I think it would be a morale problem between the two of them if controllers were given special treatment. That is only something we will have to see if it happens.

Senator EXON. Are you saying, then, that in the major busy airports today, the air traffic controllers are on duty more hours than they were 5 or 6 years ago?

Mr. JOHANNSSEN. I understand that—we will use the figure of 20—of the 20 major facilities, that they are. Yes, they are doing more work than they would have been doing 5 years ago.

Senator EXON. And you think that that is not in the best interest of overall safety?

Mr. JOHANNSSEN. No, I certainly do not.

Senator EXON. Captain Duffy, thank you for coming, and you always come straight forward and come right at us, and that is what we like to hear.

On January 3, I wrote a letter to our distinguished chairperson of this committee raising some things that have happened since the first of the year. And we all know what a disastrous record 1985 was. And she said that this would be a good time for me to bring these up, and so I am bringing them up to you, more or less as a followup to substantiate the excellent testimony that you and Mr. Johannssen have already given.

On January 3 I wrote the Chairman that "Today's news reports indicate two additional commercial engine failures and a third aircraft that ran off the end of a runway." Now, this is all since the first of the year.

"Yesterday, a charter flight carrying the Nebraska football team lost one of its jet engines in flight to Lincoln, NE. In all of these incidents, fortunately no one was injured."

The problem is, it seems to me as a layman with some responsibilities on this committee that we are having more and more of these kinds of incidents. It is always good news when the pilot acts properly in conjunction with the controllers and gets the airplane down. I recognize that anything mechanical is not always going to work perfectly as planned and programmed.

It just seems to me that we are having more and more of these kinds of "incidents" for want of a better phrase. I am wondering, from the standpoint of a pilot, if they are satisfied with the maintenance that is taking place today. Has there been a slippage in maintenance since airline deregulation? And if that is true, I would think that the pilots who get into those airplanes every hour of every day to fly them would have increasing concern.

Mr. Duffy. Senator Exon, I listened with interest to you posing that 5-year question to the previous people up here. And let me tell you that the *Dallas Times Herald*, following the accident in Dallas, came to us and asked if we would participate in a poll among our pilots to see what they felt about the safety level since deregulation had come in.

We refused to do that and they went out on their own and contacted our members and, not surprisingly, our members told them the same thing that they had been telling us. That is, that they do feel that there has been a significant slippage in the overall safety levels in the industry since deregulation came in.

I want to say that with a strong caveat. Most of the airlines have good, strong internal safety discipline programs and enforce them and work at them. But without question, there have been some unscrupulous operators who have come into the business, and you know that we are very critical of the FAA's ability to keep up on the enforcement side with what has happened on the economic side of the industry because of deregulation.

And we have given enough testimony to this Committee and on the House side as well, that we are convinced there is not a lot going to be done with the economic side of deregulation, but we clearly think that not only should we not be looking at cuts on regulatory enforcement side, we ought to be putting more money over there.

Senator Exon. Let us step away from the Dallas disaster. I think you are referring to the wind shear, what we generally to be is a wind shear accident.

As you know, wind shear is one of those things that we have never gotten a firm handle on. Now there is a movement on to develop radar detection devices that can better warn of wind shear problems. Certainly the air traffic controlers would not have suggested that that plane in Dallas make its approach if they had any conception that there was wind shear in the area.

What I am talking about and what I would like to concentrate on a little bit is general maintenance of aircraft, landing gears' failure to come down. Well, that is going to happen, but landing gear, it happened after the letter of January 3 that I wrote with the incident that had to land at Dulles Airport instead of National.

I guess what I am concerned about is with the increased keen competition, free enterprise system if you will, I sense that there has been a lack of the total dedication that we may have had 4 or 5 years ago with regard to the airworthiness of an aircraft when it takes off.

Example: If I were running a trucking line, for example, and I had increased competition, and I had to make my trucks go longer and faster and harder, if I had to press that fleet and if I were looking at the bottom line of the profit and loss statement, I suspect that what I would do first to make that profit and loss statement look as best as possible, was not to change the tires as often as I did previously. I might do a little recapping instead of new tires. I might "cut some corners" in order to keep my trucks out there on the road doing their job bringing in the money.

I am wondering if it is a concern of the pilots or if I am way off base in my fears that with increased competition, not only in the regular recognized carriers, but some of the "Johnny-come-latelys" that have come into the industry, if we do not have overall less attention to routine maintenance and airworthiness of aircraft as they take off each and every day.

Is that a concern that you share, you and your people?

Mr. DUFFY. Senator, I think you are right on target. As a matter of fact, that is the feeling of our own members. The cost/benefit decisions that managers are having to make because of the stress on the income side of the ledger are making them rationalize some decisions in directions that they should not do it.

But not only is that the concern of our members, but if you will look at two FAA reports, the White Gloves Inspection Report highlights that same fact. Then I think, as significant, is the special report that was produced by seven retired FAA inspectors who went out there and not only looked at the quality of the maintenance being done, but the quality of the FAA's inspection system and found them both to be less than they were prior to deregulation.

I think that is very damning testimony.

Senator EXON. Thank you.

I guess that our exchange of questions and answers here is to a large extent refuted by the previous testimony, the previous people that testified here.

That means somebody is wrong and somebody is right, or that gray area in between. I suspect that is where the truth lies. I am concerned that while the FAA continues to say they are interested and they are going to protect the controllers and they are going to protect the inspectors, I sense that in the testimony today, the bottom line was, but we support the Gramm-Rudman cuts. We support the Gramm-Rudman cuts.

I do not think you can have it both ways and I think that is one of the great disservices that Gramm-Rudman and all of the hoopla that has been connected with it is fostering on a public that I think may sooner or later—and unfortunately, perhaps later—wake up to the fact that there are key programs that cannot be cut in the interest of safety, certainly with regard to aviation.

Thank you for your testimony.

Mr. JOHANNSSEN. Senator, on your preventive maintenance, if I may. You know, it is astounding to read and be in an industry where we have, rightfully so, taken a look at how the industry is doing business and looking at their preventive maintenance and their responsibility to the safety of the people who use the system.

But it is as amazing to me to look at the FAA which has over 22,000 facilities, who has a preventive maintenance program, who is not complying with its own rules and regulations, and if someone were to investigate the way they went about business, they would be found guilty and be fined as harsh a fine as they fine the airline industry. But, more importantly, in 1979 and 1980, the FAA went from a preventive maintenance posture of trying to prevent outages to a corrective maintenance posture of putting the fires out after they were ignited.

And based on that system, they have not been able to—and Gramm-Rudman will take further devastating cuts from them—in maintaining the routine and regular and necessary things that are required of them by the various manufacturers of the equipments that we maintain. And I feel that I would be remiss if I did not bring that to your attention, that that program is not 100 percent complied with now. It is somewhere around 80 percent and will be falling.

Senator KASSEBAUM. Thank you very much. I certainly appreciate the valuable testimony that both of you have given, and everyone this morning. It was a thoughtful analysis of our system as a whole, and the constraints that we are going to be working under as we attempt to establish a responsible budget. Both Senator Exon and myself are members of the Budget Committee, and I think he shares my concern as well about a responsible budget, but one in which of course we are going to have to address the deficits that we have.

So it is not an easy task for anyone, and I hope that we will continue to keep an important dialogue going on regarding analysis and oversight of the priorities as we work together to make sure that there will be no slights to the safety of the system, not only short-term but long-term, and I think that that is what the administration and the Congress and the agencies are all working toward.

Thank you very much. That concludes the hearing.

[Whereupon, at 11:52 a.m., the hearing was concluded.]

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